Consumer Marketing 2018-2019

Richard K. Miller & Associates
since 1972
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PART I: OVERVIEW
1.1 Scope

Consumer Marketing 2018-2019 focuses on the consumer marketplace from a marketer’s perspective and assesses marketing activities by companies that sell products and services of all types to the consumer.

Consumer marketing is an ongoing process of planning and executing the marketing mix (product, price, place, and promotion) of products and services to consumers. Marketing includes advertising, distribution, and selling, but it is also concerned with anticipating consumers’ needs and wants, which are typically revealed through market research.

Consumer marketing is also referred to as business-to-consumer (B2C) marketing.

1.2 Market Assessment

Brandweek estimates that U.S. companies spend about $550 billion annually on retail marketing, approximately 25% of which is spent on media advertising.

RKMA estimates that including non-retail sectors – from healthcare to restaurants, from autos to travel, from financial services to entertainment – annual spending on consumer marketing exceeds $1 trillion.

Other assessments of spending for consumer marketing estimate spending even higher. With the market defined to include advertising, branded entertainment, cause-related marketing, celebrity endorsements, consumer promotion, corporate communications, database/direct marketing, digital marketing, experiential marketing, grassroots marketing, in-store marketing, loyalty marketing, market research, package design, public relations, shopper marketing, sponsorships, and trade promotion, the Brand Activation Association (http://www.ana.net/content/show/id/baalink) estimates annual consumer marketing spending at $2 trillion.

1.3 Consumer Behavior

Consumer Marketing 2018-2019 has as a companion handbook Consumer Behavior 2017-2018, which provides insight from the consumer perspective and assesses consumers’ shopping/spending behaviors.
2

MARKET RESEARCH

2.1 Competitor Intelligence

Competitor analysis typically includes directories of current and potential competitors and the following profile measures:

- Background: history, location of offices, ownership, and personnel
- Financial information
- Products and services offered
- Marketing, channels of distribution, and pricing
- Corporate strategy
- Current research and product development that might reveal future product introductions
- Strengths that pose a competitive challenge
- Weaknesses that may be exploited

GreenBook provides a directory of competitor intelligence service providers at www.greenbook.org/market-research-firms/competitive-intelligence.

A directory of competitor intelligence providers is available online from Quirk’s at www.quirks.com/directory/sourcebook/Competitive_Intelligence.aspx.

2.2 Consumer Surveys

Surveys are popular tools for identifying consumer attitudes, preferences, and behaviors related to a broad spectrum of interests. There is a host of firms that specialize in this field; some of the major survey firms in the U.S. are as follows:

- ForeSee (www.foresee.com)
- Gallup Inc. (www.gallup.com)
- GfK MRI (www.mri.gfk.com)
- Harris Poll (www.theharrispoll.com)
- Ipsos (www.ipsos.com)
- J.D. Power and Associates (www.jdpower.com)
- Kantar Retail (www.kantarretail.com)
- Nielsen Local Market Consumer Insights (www.scarborough.com)
- Pew Research Center (www.pewresearch.org)
2.3 Customer Satisfaction Surveys

Questionnaires via email and postcards soliciting consumer feedback are the most popular formats for customer satisfaction surveys. Responses are used by companies to evaluate customer service and product quality – and to guide improvement.

The following companies specialize in customer satisfaction survey design and implementation:

- Clarion Research (www.clarionresearch.com)
- CustomerSure (www.customersure.com)
- Informa Research Services (https://financialintelligence.informa.com)
- KeyStat Marketing (www.keystatmarketing.com)
- Leger (www.leger360.com)
- Lifestory Research (www.lifestoryresearch.com)
- M/A/R/C Research (www.marcresearch.com)
- Maritz CX Research (www.maritzcx.com)
- MarketForce (www.marketforce.com)
- MarketProbe (www.marketprobe.com)
- MAXimum Research (www.maximumresearch.com)
- Medallia (www.medallia.com)
- National Business Research Institute (www.nbrii.com)
- Superior DataWorks (www.superiordataworks.com)
- Voter Consumer Research (www.vcrhouston.com)

In the healthcare field, hospitals are required by the Centers for Medicare & Medicaid Services (CMS, www.cms.gov) to measure patient satisfaction. The following are largest among companies that specialize in patient-satisfaction surveys (source: Modern Healthcare):

- Arbor Associates (www.arbor-associates.com)
- Avatar Solutions (www.avatarsolutions.com)
- DSS Research (www.dssresearch.com)
- NRC Health (www.nrchealth.com)
- Patient Approved (www.patientapproved.com)
- Pinnacle Quality Insight (www.pinnacleqi.com)
- Press Ganey Associates (www.pressganey.com)
- Sullivan/Luallin (www.sullivanluallingroup.com)
2.4 Focus Groups
Focus groups are unstructured settings where a group of people are interviewed about their opinions and attitudes towards a product, service, concept, advertisement, idea, or packaging. Questions are asked by a trained moderator with questionnaire answers typically collected using audience response keypads.

Focus group research is generally used in the consumer marketplace, but is also applicable to qualitative research on business products and services. GreenBook provides a directory of focus group specialists at www.greenbook.org/#browseLocationArea.

2.5 Geodemographic Segmentation
Information about consumers based on where they live guides companies in siting new stores and offices. The data is also used to guide direct marketing campaigns as well as the placement of local spot ads. Various geodemographic segmentation tools, primarily based on geographic information system (GIS) technology, are available for this type of analysis.

The following are companies specializing in this field:
• Acxiom (www.acxiom.com)
• Applied Geographic Solutions (www.appliedgeographic.com)
• ESRI (www.esri.com)
• Phoenix Marketing International (www.phoenixmi.com)
• Pitney Bowes Software (www.pbinsight.com)

2.6 Market Research Companies
The 2016 AMA Gold Top 50 Report, by the American Marketing Association (www.ama.org), reported $10.46 billion in U.S. revenue for the 50 largest market research companies. These companies had $11.32 billion in international revenue.

Ranked by U.S. annual revenue, these companies are as follows:
• Nielsen (www.nielsen.com): $3.60 billion
• IMS Health (www.imshealth.com): $1.10 billion
• Kantar (www.kantar.com): $973 million
• IRI (www.iriworldwide.com): $605 million
• Ipsos (www.ipsos-na.com): $552 million
• Westat (www.westat.com): $491 million
• GfK (www.gfk.com): $346 million
• comScore (www.comscore.com): $268 million
• The NPD Group (www.npd.com): $231 million
• J.D. Power and Associates (www.jdpower.com): $181 million
• ICF International (www.icfi.com): $155 million
• Decision Resources Group (www.decisionresourcesgroup.com): $120 million
• Abt SRBI (www.abtsrbi.com): $119 million
<table>
<thead>
<tr>
<th>Company</th>
<th>Revenue</th>
</tr>
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<tbody>
<tr>
<td>MaritzCX (<a href="http://www.maritzcx.com">www.maritzcx.com</a>)</td>
<td>$111 million</td>
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<td>dunnhumby (<a href="http://www.dunhumby.com">www.dunhumby.com</a>)</td>
<td>$110 million</td>
</tr>
<tr>
<td>Wood Mackenzie (<a href="http://www.woodmac.com">www.woodmac.com</a>)</td>
<td>$109 million</td>
</tr>
<tr>
<td>Rentak (<a href="http://www.rentrak.com">www.rentrak.com</a>)</td>
<td>$98 million</td>
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<tr>
<td>National Research Corp. (<a href="http://www.nationalresearch.com">www.nationalresearch.com</a>)</td>
<td>$84 million</td>
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<td>ORC International (<a href="http://www.orcinternational.com">www.orcinternational.com</a>)</td>
<td>$83 million</td>
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<tr>
<td>Lieberman Research Worldwide (<a href="http://www.lrwonline.com">www.lrwonline.com</a>)</td>
<td>$82 million</td>
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<tr>
<td>Market Strategies International (<a href="http://www.marketstrategies.com">www.marketstrategies.com</a>)</td>
<td>$69 million</td>
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<td>Burke Inc. (<a href="http://www.burke.com">www.burke.com</a>)</td>
<td>$66 million</td>
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<tr>
<td>C Space (<a href="http://www.cspace.com">www.cspace.com</a>)</td>
<td>$64 million</td>
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<tr>
<td>Convergys (<a href="http://www.convergys.com">www.convergys.com</a>)</td>
<td>$58 million</td>
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<td>Morpace Inc. (<a href="http://www.morpace.com">www.morpace.com</a>)</td>
<td>$57 million</td>
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<td>PRS IN VIVO (<a href="http://www.prs-invivo.com">www.prs-invivo.com</a>)</td>
<td>$46 million</td>
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<td>Service Management Group (<a href="http://www.smg.com">www.smg.com</a>)</td>
<td>$45 million</td>
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<td>YouGov (<a href="http://www.yougov.com">www.yougov.com</a>)</td>
<td>$41 million</td>
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<td>SSRS (<a href="http://www.ssrs.com">www.ssrs.com</a>)</td>
<td>$40 million</td>
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<td>Directions Research (<a href="http://www.directionsresearch.com">www.directionsresearch.com</a>)</td>
<td>$40 million</td>
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<tr>
<td>Hanover Research (<a href="http://www.hanoverresearch.com">www.hanoverresearch.com</a>)</td>
<td>$38 million</td>
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<tr>
<td>MarketCast (<a href="http://www.mcast.com">www.mcast.com</a>)</td>
<td>$36 million</td>
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<tr>
<td>Phoenix Marketing International (<a href="http://www.phoenixmi.com">www.phoenixmi.com</a>)</td>
<td>$34 million</td>
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<tr>
<td>Radius Global Market Research (<a href="http://www.radius-global.com">www.radius-global.com</a>)</td>
<td>$32 million</td>
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<tr>
<td>MarketVision Research (<a href="http://www.mv-research.com">www.mv-research.com</a>)</td>
<td>$30 million</td>
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<tr>
<td>Informa Research Services (<a href="http://www.informars.com">www.informars.com</a>)</td>
<td>$25 million</td>
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<td>LRA by Deloitte (<a href="http://www.lraworldwide.com">www.lraworldwide.com</a>)</td>
<td>$25 million</td>
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<td>Cello Health (<a href="http://www.cellohealth.com">www.cellohealth.com</a>)</td>
<td>$24 million</td>
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<td>Kelton (<a href="http://www.keltonglobal.com">www.keltonglobal.com</a>)</td>
<td>$23 million</td>
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<td>KS&amp;R Inc. (<a href="http://www.ksrinc.com">www.ksrinc.com</a>)</td>
<td>$22 million</td>
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<td>NAXION (<a href="http://www.naxiosthinking.com">www.naxiosthinking.com</a>)</td>
<td>$20 million</td>
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<td>Gongos Inc. (<a href="http://www.gongos.com">www.gongos.com</a>)</td>
<td>$20 million</td>
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<td>The Link Group (<a href="http://www.tlg.com">www.tlg.com</a>)</td>
<td>$20 million</td>
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<td>Fors Marsh Group (<a href="http://www.forsmarshgroup.com">www.forsmarshgroup.com</a>)</td>
<td>$20 million</td>
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<td>actûrus (<a href="http://www.acturus.com">www.acturus.com</a>)</td>
<td>$19 million</td>
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<td>Bellomy Research Inc. (<a href="http://www.bellomyresearch.com">www.bellomyresearch.com</a>)</td>
<td>$17 million</td>
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<td>RTi Research (<a href="http://www.ritereasearch.com">www.ritereasearch.com</a>)</td>
<td>$17 million</td>
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<tr>
<td>Market Probe Inc. (<a href="http://www.marketprobe.com">www.marketprobe.com</a>)</td>
<td>$17 million</td>
</tr>
<tr>
<td>Chadwick Martin Bailey Inc. (<a href="http://www.cmbinfo.com">www.cmbinfo.com</a>)</td>
<td>$15 million</td>
</tr>
<tr>
<td>Public Opinion Strategies (<a href="http://www.marketvision.com">www.marketvision.com</a>)</td>
<td>$14 million</td>
</tr>
</tbody>
</table>

### 2.7 Market Research Reports

The following are some firms that publish market research reports assessing consumer market segments and market characteristics:

- America’s Research Group (www.americasresearchgroup.com)
- BCC Research (www.bccresearch.com)
• Datamonitor (www.datamonitor.com)
• Euromonitor International (www.euromonitor.com)
• First Research (www.firstresearch.com).
• Frost & Sullivan (www.frost.com)
• GfK (www.gfk.com)
• Kantar Futures (www.thefuturescompany.com)
• Mintel (www.mintel.com)
• New Strategist Publications (www.newstrategist.com)
• Nielsen Local (www.scarborough.com)
• Packaged Facts (www.packagedfacts.com)
• Paramount Market Publishing (www.paramountbooks.com)
• Parks Associates (www.parksassociates.com)
• Prosper Business Development (www.goprosper.com)
• Richard K. Miller & Associates (www.rkma.com)
• The NPD Group (www.npd.com)
• Unity Marketing (www.unitymarketingonline.com)
• WSL Strategic Retail (www.wslstrategicretail.com)

A comprehensive collection of market intelligence reports from over 720 publishers is available from MarketResearch.com.

2.8 Media Consumption Research
Several specialized companies offer survey-based data on consumer use of various media. This data is used by advertisers to guide marketing campaigns and ad placements. The following are leading companies in this field:
• Audience Research & Analysis (www.audienceresearch.com)
• Kantar Media (www.kantarmedia.com)
• Media Management, Inc. (www.mediaaudit.com)
• Nielsen (www.nielsen.com)
• PQ Media (www.pqmedia.com)

2.9 Mystery Shopping
Mystery shopping involves unidentified researchers who pose as shoppers to evaluate employee performance, customer service quality, and retail operational performance.

The following are among the largest companies that provide mystery shopping services:
• Deep See Research (www.deepseeresearch.com)
• Measure Consumer Perspectives (www.measurecp.com)
• Secret Shopper (www.secretshopper.com)
• Shoppers’ View (www.shoppersview.com)
A directory of market research companies that specialize in mystery shopping is available at www.greenbook.org/market-research-firms/mystery-shopping.

2.10 Neuroscience Research

Neuroscience research uses biometrics, electroencephalography (EEG), facial coding, implicit association, eye tracking, and other tools to determine what motivates shoppers.

“Today every major market research company has neuroscience offerings, spanning biometrics, facial coding, EEG, implicit association, and eye tracking. The reason for this rapid adoption is that they provide a new lens for understanding unconscious consumer response to stimuli which we know is critically important to decision-making. Neuro enables fresher, deeper, and richer insights, and can add unexpected perspective to evaluations of advertising, brand perceptions, and shopper experience.”

Elissa Moses
Exec. V.P. Neurosciences
Ipsos

At the leading edge of neuroscience research is the use of functional magnetic resonance imaging (fMRI) scanners to help understand why people make the decisions they do, the role of the subconscious mind in consumer decision-making, and what part of the brain guides them. This is accomplished by measuring the flow of blood in portions of the brain involved in emotions such as wanting and indecision.

Research groups and companies in this field include the following:
• Ahmanson Lovelace Brain Mapping Center at UCLA (www.bmap.ucla.edu)
• Emory University, Neuroscience and Behavioral Biology program (www.nbb.emory.edu)
• Human Neuroimaging Laboratory at the Virginia Tech Carilion Research Institute
2.11 Public Opinion Polls

Opinion polls are popular tools for identifying consumer attitudes, preferences, and behaviors related to a broad spectrum of interests. There are a host of academic groups and firms that specialize in this field, including the following organizations:

- ABC News Polling Unit (http://abcnews.go.com/politics)
- American Research Group (www.americanresearchgroup.com)
- AP-GfK (http://ap-gfkpoll.com/)
- CBS News (www.cbsnews.com/latest/opinion/)
- Diageo/Hotline Poll (http://diageohotlinepoll.com/)
- Elon University Poll (www.elon.edu/e-web/elonpoll/)
- Fox News Poll (www.foxnews.com/official-polls/index.html)
- Gallup (www.gallup.com)
- GfK MRI (www.mri.gfk.com)
- Harris Poll (www.theharrispoll.com)
- ICR International Communications Research (www.icrsurvey.com)
- Marist College Institute for Public Opinion (www.maristpoll.marist.edu)
- Market Shares (http://marketsharescorp.com)
- Mason-Dixon (http://mason-dixon.com)
- Monmouth University Polling Institute (www.monmouth.edu/university/monmouth-university-polling-institute.aspx)
- National Opinion Research Center at the University of Chicago (www.norc.org)
- Pew Research Center (www.pewresearch.org)
- Polling Report (www.pollingreport.com)
- Pollster.com (www.huffingtonpost.com/news/pollster/)
- Public Agenda (www.publicagenda.org)
- Public Mind at Fairleigh Dickenson University (http://publicmind.fdu.edu/index.html)
- Public Policy Polling (www.publicpolicypolling.com)
- Quinnipiac University Polling Institute (www.quinnipiac.edu/institutes-and-centers/polling-institute/)
- Rasmussen Reports (www.rasmussenreports.com)
- Roper Center at the University of Connecticut (www.ropercenter.uconn.edu)
- Siena College Poll (www.siena.edu/pages/1167.asp)
- Suffolk University Poll (www.suffolk.edu/academics/1093.php)
- Survey USA (www.surveyusa.com)
- The Field Poll (www.field.com/fieldpoll/)
- TIPP Online (www.tipponline.com)
- World Public Opinion (http://worldpublicopinion.org/index.php)
Among the prominent annual opinion polls are the General Social Survey (www.norc.org/GSS-Website/), by the National Opinion Research Center at the University of Chicago, and the Survey of the American Consumer, by GfK MRI (www.gfkmri.com/Products/TheSurveyoftheAmericanConsumer.aspx).

2.12 Retail Sales Reporting

Sales reporting companies develop comprehensive retail analyses based on sales data provided to them by major retail chains. Reporting companies provide data as varied as products that consumers purchase as well as how much they spend. In addition to receiving a fee for their data, retailers gain access to information that includes their competitors' sales figures. A few retailers, including Walmart, do not release sales data.

Companies that provide point-of-sale market research data include the following:

- Experian Consumer Insights (www.experian.com/marketing-services/marketing-services.html)
- IRI (www.iriworldwide.com)
- Market Decisions Research (www.marketdecisions.com)
- Nielsen (www.nielsen.com)
- SportScanINFO (www.sportscaninfo.com)
- The NPD Group (www.npd.com)

Such companies also develop retail market data based on statistical-sample monitoring of households. This approach (e.g., sampling and projecting) was the norm in the data gathering industry before scanner data became available.

2.13 Web Traffic Analysis

Assessments of online activities provide insight into consumers' and businesses' ever-changing habits as they surf the net or engage in e-commerce activities. They are used by marketers to guide the placement of online ads and promotions.

The following are some market research firms specializing in online tracking:

- Compete (www.compete.com)
- comScore (www.comscore.com)
- Forrester Research (www.forrester.com)
- Juniper Research (www.juniperresearch.com)
- Nielsen (www.nielsen.com)
- Quantcast (www.quantcast.com)
- Shop.org of the National Retail Federation (www.shop.org)

These companies gather data via tags placed on popular consumer websites. comScore, for instance, has a panel of two million worldwide Internet companies, half of which are in the United States, that opt to share their clickstream data. Nielsen has a
panel of more than 200,000 sites in the United States that collect data through tags on their websites.

“The online marketing world has never been more awash in quantifiable information on audience sizes, audience make-ups, and the paths they travel through the Web.”

Advertising Age

2.14 Market Resources
Academic centers of B2C market research are listed in Appendix A of this handbook.

Market analysts that focus on the B2C marketplace are listed in Appendix D of this handbook.

American Marketing Association, 130 E. Randolph Street, 22nd Floor, Chicago, IL 60601. (312) 542-9000. (www.marketingpower.com)

GreenBook, 116 East 27th Street, 6th Floor, New York, NY 10016. (212) 849-2752. (www.greenbook.org)


MarketResearch.com, 11200 Rockville Pike, Suite 504, Rockville, MD 20852. (800) 298-5699. (www.marketresearch.com)

Quirk’s Marketing Research Media, 4662 Slater Road, Eagan, MN 55122. (651) 379-6200. (www.quirks.com)

Strategic & Competitive Intelligence Professionals (SCIP), 7550 IH 10 West, Suite 400, San Antonio, TX 78229. (703) 739-0696. (www.scip.org)
B2C MARKETING BENCHMARKS

3.1 Overview
Conducted by Duke University’s Fuqua School of Business (www.fuqua.duke.edu) and sponsored by the American Marketing Association (www.marketingpower.com) and McKinsey & Company (www.mckinsey.com), The CMO Survey (www.cmosurvey.com) is a semi-annual poll of chief marketing officers (CMOs) from B2B and B2C companies.

3.2 B2C CMO Survey
The following are responses by CMOs in B2C products and B2C services companies in the February 2017 survey:

Change in Company Performance, Prior 12 Months
- Sales: B2C Products 2.2% B2C Services 5.5%
- Profit: B2C Products 1.8% B2C Services 4.2%
- Marketing ROI: B2C Products 2.7% B2C Services 3.1%
- Customer acquisition: B2C Products 2.2% B2C Services 4.5%
- Customer retention: B2C Products 0.7% B2C Services 1.5%
- Brand value: B2C Products 0.8% B2C Services 2.7%

Percentage of Company Sales Through The Internet
- B2C Products: 14.2%
- B2C Services: 12.5%

Marketing Budget as a Percentage Of Revenues
- B2C Products: 12.4%
- B2C Services: 7.8%

Marketing Budget as a Percentage Of Total Budget
- B2C Products: 16.9%
- B2C Services: 8.2%
Change in Marketing Budget, Prior 12 Months
• B2C Products: 5.2%
• B2C Services: 7.0%

Expected Change in Marketing Budget, Next 12 Months
• B2C Products: 8.8%
• B2C Services: 8.5%

Expected Change in Marketing Knowledge Investments, Next 12 Months
• Developing knowledge about how to do marketing: 7.0% 5.5%
• Market research and intelligence: 3.9% 5.6%
• Marketing consulting services: -1.2% 2.5%
• Marketing training: 3.2% 2.9%

Distribution of Sales
• Domestic markets: 81.1% 93.0%
• International markets: 18.9% 7.0%

Distribution of Marketing Budget
• Domestic markets: 85.8% 87.5%
• International markets: 14.2% 12.5%

Expected Change in Social Media Spending
• Current: 14.6% 7.9%
• Next 12 months: 17.1% 11.0%
• Next five years: 25.5% 16.3%

Use of Social Media
• Acquiring new customers: 36.8% 40.4%
• Brand awareness and brand building: 45.6% 43.9%
• Brand promotions: 38.6% 22.8%
• Identifying new customer groups: 15.8% 8.8%
• Identifying product/service opportunities: 7.0% 12.3%
• Improving current products/services: 5.3% 7.0%
• Improving employee engagement: 15.8% 24.6%
• Introducing new products/services: 35.1% 24.6%
• Market research: 17.5% 17.5%
• Retaining current customers: 33.3% 38.6%

Impact of Social Media On Business
• Have proven the impact quantitatively: 27.3% 31.0%
• Good qualitative sense of impact, but not quantitatively: 33.3% 34.5%
• Have not been able to show the impact yet: 34.5% 34.5%
Percentage Of Marketing Budget Spent On Mobile

<table>
<thead>
<tr>
<th>Year</th>
<th>B2C Products</th>
<th>B2C Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.1%</td>
<td>7.7%</td>
</tr>
<tr>
<td>2020</td>
<td>17.2%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

Percentage of Marketing Budget Spent On Analytics

<table>
<thead>
<tr>
<th>Year</th>
<th>B2C Products</th>
<th>B2C Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.5%</td>
<td>4.3%</td>
</tr>
<tr>
<td>2020</td>
<td>20.9%</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

Percentage of Projects Using Marketing Analytics

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C Products</td>
<td>33.2%</td>
</tr>
<tr>
<td>B2C Services</td>
<td>38.5%</td>
</tr>
</tbody>
</table>

Expected Change in Marketing Hires, Next 12 Months

<table>
<thead>
<tr>
<th>Type</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C Products</td>
<td>3.7%</td>
</tr>
<tr>
<td>B2C Services</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

Expected Change in Outsourcing of Marketing Activities, Next 12 Months

<table>
<thead>
<tr>
<th>Type</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C Products</td>
<td>2.3%</td>
</tr>
<tr>
<td>B2C Services</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

3.3 Market Resources
Duke University, Fuqua School of Business, 100 Fuqua Drive, Box 90120, Durham, NC 27708. (www.fuqua.duke.edu)
PART II: ADVERTISING
ADVERTISING SPENDING

4.1 Overview

eMarketer (www.emarketer.com), Kantar Media (www.kantarmedia.com), Magna Global (www.magnaglobal.com), and Zenith USA (www.zenithmedia.com) publish annual assessments of U.S. advertising spending. This chapter presents a summary of the most recent assessments.

4.2 eMarketer Assessment

eMarketer assesses total media advertising spending and forecasts spending through 2020 as follows (change from previous year in parenthesis):

- 2015: $183.06 billion (4.4%)
- 2016: $195.76 billion (6.9%)
- 2017: $207.30 billion (5.9%)
- 2018: $219.27 billion (5.8%)
- 2019: $230.93 billion (5.3%)
- 2020: $242.77 billion (5.1%)

By media, U.S. advertising spending is assessed as follows (in billions):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>$59.82</td>
<td>$72.09</td>
<td>$82.86</td>
<td>$93.18</td>
<td>$103.49</td>
<td>$113.18</td>
</tr>
<tr>
<td>- Mobile</td>
<td>$31.69</td>
<td>$45.95</td>
<td>$57.44</td>
<td>$68.93</td>
<td>$77.89</td>
<td>$86.64</td>
</tr>
<tr>
<td>TV</td>
<td>$68.88</td>
<td>$71.29</td>
<td>$72.72</td>
<td>$74.53</td>
<td>$76.02</td>
<td>$77.93</td>
</tr>
<tr>
<td>Print</td>
<td>$28.16</td>
<td>$26.44</td>
<td>$25.78</td>
<td>$25.58</td>
<td>$25.51</td>
<td>$25.62</td>
</tr>
<tr>
<td>- Magazines</td>
<td>$13.51</td>
<td>$12.97</td>
<td>$12.84</td>
<td>$12.90</td>
<td>$12.95</td>
<td>$13.01</td>
</tr>
<tr>
<td>Out-of-home</td>
<td>$  7.33</td>
<td>$  7.52</td>
<td>$  7.67</td>
<td>$  7.78</td>
<td>$  7.86</td>
<td>$  7.94</td>
</tr>
<tr>
<td>Directories</td>
<td>$  4.56</td>
<td>$  4.25</td>
<td>$  4.08</td>
<td>$  3.95</td>
<td>$  3.87</td>
<td>$  3.80</td>
</tr>
</tbody>
</table>
4.3 Kantar Media Assessment

According to Kantar Media, measured media advertising spending by sector in 2016 was as follows:

- Automotive: $15.2 billion
- Retail: $13.3 billion
- Medicine and remedies: $10.0 billion
- General services: $ 9.9 billion
- Telecommunications, Internet services, and ISP: $ 9.3 billion
- Food, beverages and candy: $ 8.0 billion
- Financial services: $ 6.8 billion
- Restaurants: $ 6.3 billion
- Personal care: $ 6.2 billion
- Insurance: $ 5.7 billion
- Government, politics and religion: $ 4.5 billion
- Airlines, hotels, car rental and travel: $ 4.3 billion
- Direct response advertising: $ 4.1 billion
- Movies, recorded video and music: $ 3.8 billion
- Media: $ 3.6 billion

4.4 Magna Global Assessment

Magna Global estimates U.S. traditional (offline) media advertising spending in 2016 at $110 billion, a 0.9% increase from the prior year. Digital ad spending was $70 billion, an 18.0% increase from 2015. Traditional media ad spending is projected to drop 5.9% in 2017; digital ad spending is forecast to increase 13.6%.

Spending and growth by media are assessed as follows:

Traditional Media

<table>
<thead>
<tr>
<th>Media</th>
<th>2016 Spending</th>
<th>2016 Growth</th>
<th>2017 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>National TV:</td>
<td>$44 billion</td>
<td>2.8%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Local TV:</td>
<td>$23 billion</td>
<td>11.3%</td>
<td>-12.2%</td>
</tr>
<tr>
<td>Print:</td>
<td>$21 billion</td>
<td>-10.3%</td>
<td>-14.2%</td>
</tr>
<tr>
<td>Radio:</td>
<td>$14 billion</td>
<td>-3.1%</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Out-of-home and cinema:</td>
<td>$8 billion</td>
<td>3.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Total:</td>
<td>$110 billion</td>
<td>0.9%</td>
<td>-5.9%</td>
</tr>
</tbody>
</table>

Digital

<table>
<thead>
<tr>
<th>Media</th>
<th>2016 Spending</th>
<th>2016 Growth</th>
<th>2017 Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile:</td>
<td>$33 billion</td>
<td>54.2%</td>
<td>34.5%</td>
</tr>
<tr>
<td>Desktop:</td>
<td>$37 billion</td>
<td>-2.1%</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Social:</td>
<td>$16 billion</td>
<td>48.2%</td>
<td>26.3%</td>
</tr>
<tr>
<td>Search:</td>
<td>$35 billion</td>
<td>18.6%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Total:</td>
<td>$70 billion</td>
<td>18.0%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>
4.5 Zenith USA Assessment

Zenith USA assesses major media and marketing services spending as follows:

<table>
<thead>
<tr>
<th>Media Type</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet</td>
<td>$ 60.4 billion</td>
<td>$ 69.2 billion</td>
<td>$ 78.3 billion</td>
</tr>
<tr>
<td>TV</td>
<td>$ 68.1 billion</td>
<td>$ 68.4 billion</td>
<td>$ 68.1 billion</td>
</tr>
<tr>
<td>Radio</td>
<td>$ 17.6 billion</td>
<td>$ 17.6 billion</td>
<td>$ 17.6 billion</td>
</tr>
<tr>
<td>Magazine</td>
<td>$ 16.6 billion</td>
<td>$ 15.9 billion</td>
<td>$ 15.1 billion</td>
</tr>
<tr>
<td>Newspaper</td>
<td>$ 18.3 billion</td>
<td>$ 16.6 billion</td>
<td>$ 15.1 billion</td>
</tr>
<tr>
<td>Outdoor</td>
<td>$ 8.9 billion</td>
<td>$ 9.3 billion</td>
<td>$ 9.6 billion</td>
</tr>
<tr>
<td>Cinema</td>
<td>$ 0.9 billion</td>
<td>$ 0.9 billion</td>
<td>$ 1.0 billion</td>
</tr>
<tr>
<td><strong>Total - major media</strong></td>
<td>$190.8 billion</td>
<td>$197.9 billion</td>
<td>$204.8 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marketing Services</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales promotion</td>
<td>$ 77.2 billion</td>
<td>$ 79.9 billion</td>
<td>$ 82.7 billion</td>
</tr>
<tr>
<td>Telemarketing</td>
<td>$ 56.2 billion</td>
<td>$ 57.9 billion</td>
<td>$ 59.6 billion</td>
</tr>
<tr>
<td>Direct mail</td>
<td>$ 49.2 billion</td>
<td>$ 48.5 billion</td>
<td>$ 47.6 billion</td>
</tr>
<tr>
<td>Event sponsorship</td>
<td>$ 35.0 billion</td>
<td>$ 37.4 billion</td>
<td>$ 39.9 billion</td>
</tr>
<tr>
<td>Directories</td>
<td>$ 8.1 billion</td>
<td>$ 8.0 billion</td>
<td>$ 8.0 billion</td>
</tr>
<tr>
<td>Public relations</td>
<td>$ 5.0 billion</td>
<td>$ 5.3 billion</td>
<td>$ 5.7 billion</td>
</tr>
<tr>
<td><strong>Total - marketing</strong></td>
<td>$230.7 billion</td>
<td>$237.1 billion</td>
<td>$243.5 billion</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$421.5 billion</td>
<td>$435.0 billion</td>
<td>$448.3 billion</td>
</tr>
</tbody>
</table>

4.6 Market Resources

*Advertising Age*, 711 Third Avenue, New York, NY 10017. (212) 210-0100.
([www.adage.com](http://www.adage.com))

eMarketer, 11 Times Square, New York, NY 10036. (800) 405-0844.
([www.emarketer.com](http://www.emarketer.com))

Kantar Media, 100 Park Avenue, 4th Floor, New York, NY 10017. (212) 991-6000.
([www.kantarmedia.com](http://www.kantarmedia.com))

Magna Global, 100 West 33rd Street, New York, NY 10001. (212) 883-4751.
([www.magnaglobal.com](http://www.magnaglobal.com))

Zenith USA, 299 West Houston Street, 11th Floor, New York, NY 10014. (212) 859-5100. ([www.zenithmedia.com](http://www.zenithmedia.com))
5.1 Trust In Advertising

The Customer Satisfaction Research Survey, by MarketingSherpa (www.marketingsherpa.com), found ads that adults trust when making a purchase decision as follows (percentage of respondents):

- Newspapers and magazines/print media ads: 82%
- TV ads: 80%
- Ads/catalogs received in the mail: 76%
- Radio ads: 71%
- Outdoor advertising: 69%
- Search engine ads: 61%
- Video ads appearing prior to a digital video: 47%
- Sponsored posts on blogs: 43%
- Ads embedded in social media: 43%
- Online banner ads: 39%
- Mobile phone ads: 39%
- Ads in podcasts: 37%
- Digital pop-ups: 25%

“A survey by MarketingSherpa found that 80% or more of U.S. Internet users trusted print ads in newspapers, magazines, and TV ads when making buying choices. Digital ads fared worse. Some 39% of respondents said they trusted online banner ads, and another 39% said they trusted mobile ads.”

eMarketer, 1/3/17
5.2 Preferred Media For Ads

A Harris Poll (www.harrisinteractive.com) found that consumers, by age, find the following most useful in deciding what products and services to purchase:

<table>
<thead>
<tr>
<th>Media Type</th>
<th>18-to-34</th>
<th>35-to-44</th>
<th>45-to-55</th>
<th>55 &amp; older</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television commercials</td>
<td>50%</td>
<td>38%</td>
<td>35%</td>
<td>23%</td>
<td>37%</td>
</tr>
<tr>
<td>Newspaper ads</td>
<td>6%</td>
<td>13%</td>
<td>14%</td>
<td>31%</td>
<td>17%</td>
</tr>
<tr>
<td>Internet search engine ads</td>
<td>10%</td>
<td>15%</td>
<td>16%</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>Radio ads</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Internet banner ads</td>
<td>4%</td>
<td>1%</td>
<td>1%</td>
<td>&lt;1%</td>
<td>1%</td>
</tr>
<tr>
<td>All media viewed equally</td>
<td>27%</td>
<td>29%</td>
<td>31%</td>
<td>27%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Harris also found that consumers, by age, find the following most helpful when shopping for bargains:

<table>
<thead>
<tr>
<th>Media Type</th>
<th>18-to-34</th>
<th>35-to-44</th>
<th>45-to-55</th>
<th>55 &amp; older</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newspaper/magazine ads</td>
<td>15%</td>
<td>16%</td>
<td>24%</td>
<td>33%</td>
<td>23%</td>
</tr>
<tr>
<td>Online ads</td>
<td>22%</td>
<td>26%</td>
<td>17%</td>
<td>12%</td>
<td>18%</td>
</tr>
<tr>
<td>Direct mail/catalogs</td>
<td>15%</td>
<td>13%</td>
<td>14%</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>TV commercials</td>
<td>17%</td>
<td>12%</td>
<td>8%</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Radio ads</td>
<td>2%</td>
<td>3%</td>
<td>&lt;1%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>All media viewed equally</td>
<td>31%</td>
<td>31%</td>
<td>36%</td>
<td>36%</td>
<td>34%</td>
</tr>
</tbody>
</table>

5.3 Positive Response To Ads

A survey by McCann Truth Central (http://truthcentral.mccann.com) found that 71% of consumers feel positive about the advertising sector, 67% of consumers feel positive about the advertising they see around them, 57% of consumers say advertising gives them something to talk about, and 39% of consumers say they love advertising. When asked how advertising benefits them, survey participants responded as follows:

- Helps me keep informed about the latest offers: 87%
- Helps me know what the latest trends are: 83%
- Entertains me and makes me laugh: 77%

Microsoft Advertising (www.advertising.microsoft.com) found attitudes toward advertising through four specific platforms as follows:

<table>
<thead>
<tr>
<th>Platform</th>
<th>Computer</th>
<th>TV</th>
<th>Smartphone</th>
<th>Gaming Console</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fun to watch</td>
<td>32%</td>
<td>54%</td>
<td>28%</td>
<td>30%</td>
</tr>
<tr>
<td>Generally like the ads</td>
<td>29%</td>
<td>46%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>Regularly notice ads</td>
<td>54%</td>
<td>64%</td>
<td>39%</td>
<td>31%</td>
</tr>
<tr>
<td>More meaningful and relevant</td>
<td>35%</td>
<td>48%</td>
<td>29%</td>
<td>27%</td>
</tr>
<tr>
<td>Helpful if targeted to preferences</td>
<td>50%</td>
<td>54%</td>
<td>40%</td>
<td>33%</td>
</tr>
<tr>
<td>Rarely notice ads</td>
<td>36%</td>
<td>29%</td>
<td>43%</td>
<td>38%</td>
</tr>
<tr>
<td>Very annoying</td>
<td>58%</td>
<td>43%</td>
<td>62%</td>
<td>43%</td>
</tr>
</tbody>
</table>
5.4 Negative Response To Ads

In a recent Harris Poll, consumers, by age, said they chose not to purchase a certain brand for the following reasons:

<table>
<thead>
<tr>
<th>Reason</th>
<th>18-to-34</th>
<th>35-to-44</th>
<th>45-to-55</th>
<th>55 &amp; older</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Found the ads distasteful</td>
<td>37%</td>
<td>34%</td>
<td>32%</td>
<td>37%</td>
<td>35%</td>
</tr>
<tr>
<td>Didn't like the spokesperson</td>
<td>29%</td>
<td>24%</td>
<td>27%</td>
<td>30%</td>
<td>28%</td>
</tr>
<tr>
<td>Didn't like program or event sponsored by the brand</td>
<td>26%</td>
<td>26%</td>
<td>26%</td>
<td>30%</td>
<td>27%</td>
</tr>
</tbody>
</table>

A separate Harris Poll found that 91% of consumers ignore at least some types of ads. The following are the types of ads that consumers, by age, tend to ignore or disregard the most:

<table>
<thead>
<tr>
<th>Type of Ad</th>
<th>18-to-34</th>
<th>35-to-44</th>
<th>45-to-55</th>
<th>55 &amp; older</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet banner ads</td>
<td>43%</td>
<td>50%</td>
<td>48%</td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td>Internet search engine ads</td>
<td>20%</td>
<td>14%</td>
<td>17%</td>
<td>15%</td>
<td>17%</td>
</tr>
<tr>
<td>Television commercials</td>
<td>7%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>13%</td>
</tr>
<tr>
<td>Radio ads</td>
<td>11%</td>
<td>10%</td>
<td>9%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Newspaper ads</td>
<td>7%</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>None of these</td>
<td>14%</td>
<td>9%</td>
<td>6%</td>
<td>8%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Almost every online consumer has received information while visiting a website that has nothing to do with their personal interests or demographics. *Online Personal Experience*, a survey by Harris Poll, found that people are running out of patience with irrelevant ads. When asked about their response to irrelevant online ads, responses were as follows:

- I get frustrated with websites when content, offers, ads, promotions, etc. appear that have nothing to do with my interests: 74%
- I would leave the site if asked for donations from a political party that I dislike the most: 67%
- I would leave the site if shown ads for a dating service (response from married survey participants only): 57%
- I would leave the site if shown a recommendation to purchase underwear that is for the opposite gender: 50%

5.5 Ignoring Ads

A survey by Harris Poll assessing various types of media found that 92% of adults typically ignore at least one type of ad. Survey participants identified the ads they most ignore as follows (multiple responses allowed):

- Online banner ads: 73%
- Online social media ads: 62%
- Online search engine ads: 59%
- TV ads: 37%
- Radio ads: 36%
- Newspaper ads: 35%
IN-CINEMA ADVERTISING

6.1 Market Assessment
Marketers are using novel techniques to engage movie theater patrons, including use of on-screen ads and lobby displays that are interactive and entertainment-oriented.

Cinema Advertising Council (CAC, www.cinemaadcouncil.org) member companies reported in-theater ad revenue of $758.3 million in 2016, a 5.8% increase from the prior year. (CAC members account for more than 90% of U.S. movie screens.) On-screen commercials accounted for $706.8 million, or 93% of cinema ad revenue. Off-screen advertising includes concession-area marketing and in-lobby product sampling promotions.

In 2016, 276 new brands advertised in cinemas, up from 215 new brands in 2015.

National and regional advertising account for 75% of in-cinema advertising spending; local ads contribute 25%.

The largest movie theater advertising companies are National CineMedia (www.nationalcinemedia.com) and Screenvision (www.screenvision.com).

6.2 Moviegoer Demographics
According to Harris Poll (www.theharrispoll.com), 68% of adults go to the movies at least once a year. By gender and age demographic, those who go to movies are as follows:

<table>
<thead>
<tr>
<th>Gender</th>
<th>At Least One Movie</th>
<th>&gt;10 Movies</th>
<th>Mean Number Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female:</td>
<td>66%</td>
<td>14%</td>
<td>4.1</td>
</tr>
<tr>
<td>Male:</td>
<td>70%</td>
<td>20%</td>
<td>5.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>At Least One Movie</th>
<th>&gt;10 Movies</th>
<th>Mean Number Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-to-36:</td>
<td>83%</td>
<td>24%</td>
<td>6.3</td>
</tr>
<tr>
<td>37-to-48:</td>
<td>73%</td>
<td>21%</td>
<td>5.3</td>
</tr>
<tr>
<td>49-to-67:</td>
<td>59%</td>
<td>11%</td>
<td>3.6</td>
</tr>
<tr>
<td>68 and older:</td>
<td>44%</td>
<td>9%</td>
<td>3.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Household</th>
<th>At Least One Movie</th>
<th>&gt;10 Movies</th>
<th>Mean Number Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>With children:</td>
<td>80%</td>
<td>20%</td>
<td>5.3</td>
</tr>
<tr>
<td>Without children:</td>
<td>62%</td>
<td>16%</td>
<td>4.5</td>
</tr>
</tbody>
</table>
According to the Motion Picture Association of America (MPAA, www.mpaa.org), 11% of people are frequent moviegoers, going to a cinema at least once a month. The following is a profile of frequent moviegoers:

<table>
<thead>
<tr>
<th>Gender</th>
<th>% of Frequent</th>
<th>% of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female:</td>
<td>57%</td>
<td>51%</td>
</tr>
<tr>
<td>Male:</td>
<td>43%</td>
<td>49%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>% of Frequent</th>
<th>% of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-to-11:</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>12-to-17:</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>18-to-24:</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>25-to-39:</td>
<td>23%</td>
<td>20%</td>
</tr>
<tr>
<td>40-to-49:</td>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>50-to-59:</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>60 and older:</td>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>% of Frequent</th>
<th>% of Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American:</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Caucasian:</td>
<td>49%</td>
<td>63%</td>
</tr>
<tr>
<td>Hispanic:</td>
<td>32%</td>
<td>17%</td>
</tr>
<tr>
<td>Other:</td>
<td>7%</td>
<td>8%</td>
</tr>
</tbody>
</table>

The percentage of frequent moviegoers in the most populous states is as follows:

- California: 20%
- Texas: 17%
- Michigan: 15%
- Georgia: 14%
- Illinois: 12%
- Ohio: 12%
- Virginia: 11%
- Florida: 9%
- New York: 8%
- North Carolina: 7%
- Pennsylavnia: 6%
- Indiana: 5%
- Other states: 11%

According to International Demographics (www.themediaaudit.com), approximately 36% of adults living in metropolitan areas visit movie theaters each month. The following metropolitan areas have the highest percentage of adults who do so:
• Ann Arbor, MI: 53.5%
• San Francisco, CA: 48.3%
• Salt Lake City, UT: 47.5%
• Reno, NV: 47.4%
• San Jose, CA: 47.1%
• Phoenix, AZ: 47.2%
• Spokane, WA: 47.1%
• San Diego, CA: 45.7%
• Nashville, TN: 44.1%
• Dallas-Ft. Worth, TX: 43.1%

The following metropolitan areas have the lowest percentages of adults visiting movie theaters each month:
• Charlotte, NC: 15.0%
• Greenville-Spartanburg, SC: 24.3%
• Pittsburgh, PA: 25.5%
• Louisville, KY: 25.8%
• New Orleans, LA: 26.8%
• Toledo, OH: 26.8%

6.3 Market Resources
Cinema Advertising Council, 3853 Whitman Road, Annandale, VA 22003. (703) 407-6705. (www.cinemaadcouncil.org)

International Demographics, 10333 Richmond Avenue, Suite 200, Houston, TX 77042. (713) 626-0333. (www.themediaaudit.com)

Motion Picture Association of America, 1600 Eye Street NW, Washington, DC 20006. (202) 293-1966. (www.mpaa.org)
7

MAGAZINE ADVERTISING

7.1 Circulation

According to the Association of Magazine Media (AMM, www.magazine.org), the top magazine titles, based on paid and verified circulation in March 2017, are as follows:

- **ESPN The Magazine**: 95,604,000
- **People**: 78,118,000
- **WebMD Magazine**: 60,936,000
- **Forbes**: 60,268,000
- **Allrecipes**: 58,063,000
- **Better Homes and Gardens**: 47,620,000
- **Time**: 44,730,000
- **AARP**: 44,716,000
- **National Geographic**: 41,595,000
- **Cosmopolitan**: 32,775,000
- **Sports Illustrated**: 32,307,000
- **Good Housekeeping**: 31,573,000
- **Entertainment Weekly**: 27,135,000
- **Taste of Home**: 25,209,000
- **New York Magazine**: 24,903,000
- **Vanity Fair**: 24,763,000
- **Country Living**: 24,716,000
- **Reader's Digest**: 23,518,000
- **Bon Appétit/Epicurious**: 22,788,000
- **Glamour**: 21,729,000
- **Southern Living**: 21,684,000
- **Woman's Day**: 20,758,000
- **Men's Health**: 20,614,000
- **The New Yorker**: 20,052,000
- **The Atlantic**: 19,918,000
- **Women's Health**: 19,915,000
- **Parents**: 19,602,000
- **Vogue**: 19,000,000
- **Fortune**: 18,297,000
- **Food Network Magazine**: 17,973,000
<table>
<thead>
<tr>
<th>Magazine</th>
<th>Circulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>17,647,000</td>
</tr>
<tr>
<td>Car and Driver</td>
<td>17,066,000</td>
</tr>
<tr>
<td>Martha Stewart Living</td>
<td>16,830,000</td>
</tr>
<tr>
<td>Family Circle</td>
<td>16,345,000</td>
</tr>
<tr>
<td>Wired</td>
<td>16,215,000</td>
</tr>
<tr>
<td>GQ</td>
<td>16,090,000</td>
</tr>
<tr>
<td>Real Simple</td>
<td>15,384,000</td>
</tr>
<tr>
<td>Shape</td>
<td>15,219,000</td>
</tr>
<tr>
<td>Elle</td>
<td>14,434,000</td>
</tr>
<tr>
<td>Prevention</td>
<td>14,162,000</td>
</tr>
<tr>
<td>Cooking Light</td>
<td>13,819,000</td>
</tr>
<tr>
<td>Food &amp; Wine</td>
<td>13,639,000</td>
</tr>
<tr>
<td>InStyle</td>
<td>13,544,000</td>
</tr>
<tr>
<td>Allure</td>
<td>13,540,000</td>
</tr>
<tr>
<td>Travel + Leisure</td>
<td>13,266,000</td>
</tr>
<tr>
<td>O, The Oprah Magazine</td>
<td>12,964,000</td>
</tr>
<tr>
<td>Popular Mechanics</td>
<td>12,941,000</td>
</tr>
<tr>
<td>Smithsonian</td>
<td>12,664,000</td>
</tr>
<tr>
<td>Men's Fitness</td>
<td>12,466,000</td>
</tr>
<tr>
<td>National Geographic Traveler</td>
<td>12,246,000</td>
</tr>
<tr>
<td>Guns &amp; Ammo</td>
<td>11,733,000</td>
</tr>
<tr>
<td>Teen Vogue</td>
<td>11,613,000</td>
</tr>
<tr>
<td>Field &amp; Stream</td>
<td>11,051,000</td>
</tr>
<tr>
<td>EatingWell</td>
<td>10,902,000</td>
</tr>
<tr>
<td>Condé Nast Traveler</td>
<td>10,795,000</td>
</tr>
<tr>
<td>Popular Science</td>
<td>10,655,000</td>
</tr>
<tr>
<td>Motor Trend</td>
<td>10,548,000</td>
</tr>
<tr>
<td>Essence</td>
<td>10,458,000</td>
</tr>
<tr>
<td>Self</td>
<td>10,429,000</td>
</tr>
<tr>
<td>Money</td>
<td>10,288,000</td>
</tr>
<tr>
<td>Esquire</td>
<td>10,274,000</td>
</tr>
<tr>
<td>Seventeen</td>
<td>10,117,000</td>
</tr>
<tr>
<td>Harper's Bazaar</td>
<td>10,086,000</td>
</tr>
<tr>
<td>HGTV Magazine</td>
<td>9,918,000</td>
</tr>
<tr>
<td>Redbook</td>
<td>9,703,000</td>
</tr>
<tr>
<td>Marie Claire</td>
<td>9,608,000</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>9,595,000</td>
</tr>
<tr>
<td>House Beautiful</td>
<td>9,463,000</td>
</tr>
<tr>
<td>Muscle &amp; Fitness</td>
<td>9,462,000</td>
</tr>
<tr>
<td>The Family Handyman</td>
<td>9,380,000</td>
</tr>
<tr>
<td>Kraft Food &amp; Family</td>
<td>9,229,000</td>
</tr>
<tr>
<td>Fit Pregnancy &amp; Baby</td>
<td>9,069,000</td>
</tr>
<tr>
<td>This Old House</td>
<td>8,991,000</td>
</tr>
</tbody>
</table>
7.2 Advertising Spending

According to eMarketer (www.emarketer.com), magazine advertising spending has been and is projected as follows (change from prior year in parenthesis):

<table>
<thead>
<tr>
<th>Year</th>
<th>Print</th>
<th>Digital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$13.51 billion (-7.0%)</td>
<td>$4.09 billion (8.5%)</td>
<td>$17.60 billion (-3.8%)</td>
</tr>
<tr>
<td>2016</td>
<td>$12.97 billion (-4.0%)</td>
<td>$4.40 billion (7.4%)</td>
<td>$17.36 billion (-1.4%)</td>
</tr>
<tr>
<td>2017</td>
<td>$12.84 billion (-1.0%)</td>
<td>$4.67 billion (6.2%)</td>
<td>$17.51 billion (0.8%)</td>
</tr>
<tr>
<td>2018</td>
<td>$12.90 billion (0.5%)</td>
<td>$4.87 billion (4.3%)</td>
<td>$17.77 billion (1.5%)</td>
</tr>
<tr>
<td>2019</td>
<td>$12.95 billion (0.4%)</td>
<td>$5.02 billion (3.1%)</td>
<td>$17.98 billion (1.1%)</td>
</tr>
<tr>
<td>2020</td>
<td>$13.01 billion (0.4%)</td>
<td>$5.16 billion (2.8%)</td>
<td>$18.17 billion (1.1%)</td>
</tr>
</tbody>
</table>

7.3 Readership

The Association of Magazine Media assesses total U.S. annual magazine
readership counts as follows:

- Subscription: 269,871,370
- Single copy: 22,336,481
- Total: 292,207,851

According to Mequoda Group (www.mequoda.com), 69.6% of adult Americans read an average of 2.91 print magazine issues monthly. This means that 147 million adults read an average of 428 million print magazine issues each month. Also, 36.8% of American adults read an average of 2.37 digital magazine issues monthly, or 77 million adults read an average of 184 million digital magazine issues each month.

Monthly magazine reading is as follows (number of magazines read by adults):

<table>
<thead>
<tr>
<th></th>
<th>Print</th>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>One:</td>
<td>17.9%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Two:</td>
<td>18.8%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Three:</td>
<td>12.6%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Four or five:</td>
<td>12.0%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Six or more:</td>
<td>8.5%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

### 7.4 Audience Mix

The audience mix for the Top 100 magazine brands in 2016 was as follows (source: Association of Magazine Media):

- Print + digital editions: 51%
- Web (desktop/laptop): 15%
- Mobile web: 31%
- Video: 3%

### 7.5 Ad Spending By Sector

Consumer magazine advertising is distributed by category as follows (source: Association of Magazine Media):

- Cosmetics & toiletries: 17.0%
- Apparel & accessories: 10.9%
- Drugs & remedies: 10.6%
- Food & food products: 8.9%
- Media & advertising: 7.2%
- Retail: 5.9%
- Direct response companies: 5.4%
- Home furnishings and supplies: 5.0%
- Automotive: 4.8%
- Financial, insurance & real estate: 4.8%
- Technology: 4.3%
- Public transportation, hotels & resorts: 3.6%
- Other: 10.6%

CONSUMER MARKETING 2018-2019

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7.6 Top Advertisers

According to Advertising Age, the top magazine advertisers, ranked by spending, are as follows (change from prior year in parenthesis):

- L’Oréal: $725.9 million (-15.1%)
- Procter & Gamble: $540.3 million (-28.9%)
- Pfizer: $480.2 million (23.2%)
- LVMH Moët Hennessy Louis Vuitton: $276.4 million (-7.7%)
- Johnson & Johnson: $246.0 million (7.8%)
- Unilever: $240.0 million (9.2%)
- Mars: $209.6 million (-5.4%)
- Berkshire Hathaway: $208.9 million (6.6%)
- Merck & Co.: $183.0 million (25.8%)
- Kraft Heinz: $182.8 million (2.1%)

7.7 Interactive Media

Over the past few years, magazine publishers have begun to develop and roll out a spate of new formats and platforms for readers. From content viewable via e-reader and tablet to digital distribution to interactive, publishers are positioning themselves among the other enhanced media.

According to a survey by GfK MRI (www.mri.gfk.com), 67% of tablet users say they would rather read an electronic version of a magazine than a paper version. However, the preference may be based more on convenience than aesthetic. Sixty-five percent (65%) of tablet magazine readers say they find the print magazine experience more satisfying. Many tablet magazine readers are dissatisfied with formatting; 72% say they would prefer all digital magazines be formatted the same way. In terms of digital magazine advertisements, 70% would like to be able to buy items by clicking on the ads, and 70% would like electronic ads that are personalized to their interests.

The Association of Magazine Media reported a median age of 44.6 years for digital-only magazine readers; the mean age for print-only readers is 54.8 years.

According to iMonitor, by McPheters & Company (www.mcpheters.com), there are 2,234 U.S. magazine branded apps.

7.8 Market Resources

Association of Magazine Media, 757 Third Avenue, 11th Floor, New York, NY 10017. (212) 872-3700. (www.magazine.org)
NEWSPAPER ADVERTISING

8.1 Circulation

According to the News Media Alliance (NMA, www.newsmediaalliance.org), known as the Newspaper Association of America until 2016, there are 1,331 newspapers in the U.S., with a combined circulation of 40.4 million.

According to Alliance for Audited Media (www.auditedmedia.com), the following are the largest U.S. newspapers ranked by 2016 circulation:

- USA Today: 2,301,917
- The New York Times: 2,101,611
- The Wall Street Journal: 1,337,376
- Los Angeles Times: 467,309
- New York Post: 424,721
- Chicago Tribune: 384,962
- The Washington Post: 356,768
- Newsday: 321,296
- Daily News: 299,538
- am New York: 298,759
- Star Tribune (Minneapolis): 285,129
- Houston Chronicle: 276,445
- Austin American: 246,963
- Tampa Bay Times: 245,042
- Honolulu Star-Advertiser: 243,376
- The Record (Woodland Park, NJ): 242,567
- Boston Globe: 232,546
- Philadelphia Inquirer: 227,245
- Fort Worth Star-Telegram: 215,476
- The Denver Post/The Sunday Denver Post: 196,286
- Arizona Republic: 188,467
- Metro New York: 180,866
- The Star-Ledger (Newark): 170,077
- San Francisco Chronicle: 167,602
- Columbus Dispatch: 164,995
- Tribune Review (Pittsburgh): 161,665
- The Palm Beach Post: 160,299
• San Antonio Express-News: 158,986
• Milwaukee Journal Sentinel: 154,763
• El Nuevo Dia: 153,957
• The Salt Lake Tribune/Deseret News: 152,210
• Express (Washington DC): 148,928
• Kansas City Star: 146,730
• Chicago Sun-Times: 146,539
• The Virginian-Pilot: 143,682
• Pittsburgh Post-Gazette: 140,987
• The Miami Herald/El Nuevo Herald: 139,735
• South Florida Sun Sentinel: 135,404
• Arkansas Democrat Gazette: 130,552
• Indianapolis Star: 127,180
• Advocate (Baton Rouge): 126,976
• St. Louis Post-Dispatch: 124,712
• The Baltimore Sun: 121,840
• Buffalo News: 121,413
• Hartford Courant: 114,227
• Investor’s Business Daily (Los Angeles): 113,038
• Charlotte Observer: 107,321
• Omaha World-Herald/Sunday World-Herald: 104,958
• Cincinnati Enquirer: 104,354
• Telegram & Gazette (Columbia, SC): 102,974
• Courier-Journal (Louisville): 102,895
• News & Observer (Raleigh): 98,158
• Oklahoman: 96,885
• La Opinion (Los Angeles): 92,365
• Richmond Times-Dispatch: 90,946
• Albuquerque Journal: 89,635
• Fresno Bee: 87,007
• Tennessean: 83,645
• Democrat And Chronicle (Rochester, NY): 82,510
• Des Moines Register: 82,371
• Boston Herald, Boston Sunday Herald: 81,933
• Metro Philadelphia: 79,044
• Daily Herald/The Sunday Herald (Arlington Heights, IL): 78,878
• Toledo Blade: 76,642
• Republican (Springfield, MA): 76,353
• Asbury Park Press (Neptune, NJ): 73,194
• Post And Courier (Charleston): 69,433
• Metro Boston: 68,966
• Wisconsin State Journal: 67,965
• Akron Beacon Journal, Sunday Akron Journal: 65,783
- Tulsa World: 61,817
- Morning Call (Allentown): 60,962
- The News Journal Media Group (New Castle, DE): 60,620
- Florida Times-Union: 60,399
- Arizona Daily Star: 57,735
- Roanoke Times: 54,293
- Chattanooga Times Free Press: 53,552
- News Tribune (Tacoma, WA): 53,510
- Standard-Examiner (Ogden, UT): 53,298
- LNP/Sunday LNP (Lancaster, PA): 52,976
- Daytona Beach News-Journal: 52,414
- Press Democrat (Santa Rosa): 51,710
- Daily Gazette (Schenectady, NY): 50,974
- Journal News (White Plains, NY): 50,699
- New Haven Register: 50,658
- Modesto Bee: 49,406
- Journal Gazette/News Sentinel (Fort Wayne, IN): 48,199
- Times Union (Albany): 48,144
- Lincoln Journal Star: 47,831
- Sarasota Herald-Tribune: 47,400
- Journal Star (Peoria, IL): 46,947
- Wichita Eagle: 46,709
- South Bend Tribune: 44,951
- Register-Guard (Eugene, OR): 44,697
- Gazette (Colorado Springs): 44,072

### 8.2 Advertising Spending

According to eMarketer (www.emarketer.com), newspaper advertising spending has been and is projected as follows (change from prior year in parenthesis):

<table>
<thead>
<tr>
<th>Year</th>
<th>Print</th>
<th>Digital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$14.65 billion (-8.0%)</td>
<td>$3.96 billion (6.9%)</td>
<td>$18.61 billion (-5.2%)</td>
</tr>
<tr>
<td>2016</td>
<td>$13.48 billion (-8.0%)</td>
<td>$4.08 billion (3.2%)</td>
<td>$17.56 billion (-5.6%)</td>
</tr>
<tr>
<td>2017</td>
<td>$12.94 billion (-4.0%)</td>
<td>$4.24 billion (3.9%)</td>
<td>$17.18 billion (-2.2%)</td>
</tr>
<tr>
<td>2018</td>
<td>$12.68 billion (-2.0%)</td>
<td>$4.37 billion (3.1%)</td>
<td>$17.05 billion (-0.7%)</td>
</tr>
<tr>
<td>2019</td>
<td>$12.55 billion (-1.0%)</td>
<td>$4.48 billion (2.5%)</td>
<td>$17.03 billion (-0.1%)</td>
</tr>
<tr>
<td>2020</td>
<td>$12.61 billion (0.5%)</td>
<td>$4.59 billion (2.3%)</td>
<td>$17.20 billion (1.0%)</td>
</tr>
</tbody>
</table>

### 8.3 Measured Ad Spending By Sector

By sector, measured newspaper advertising spending is as follows (sources: Kantar Media and Advertising Age):
**8.4 Top Advertisers**

According to *Advertising Age*, the top newspaper advertisers, ranked by annual spending, are as follows (change from previous year in parenthesis):

- Macy’s: $378 million (-5.8%)
- Procter & Gamble: $273 million (-0.4%)
- Fry’s Electronics: $148 million (-46.5%)
- Bankrate: $129 million (-11.6%)
- News Corp.: $120 million (38.5%)
- Sprint: $114 million (3.4%)
- Target: $111 million (-15.8%)
- Walmart: $104 million (-12.3%)
- Best Buy: $103 million (-20.3%)
- Sears Holdings Corp.: $99 million (-22.5%)

**8.5 Digital Newspapers**

More than a third of tablet users in the U.S. read newspapers on their device each month, according to a study by comScore (www.comscore.com). The following is readership of newspapers via tablet:

- Almost every day: 11.5%
- At least once each week: 11.0%
• 1-to-3 times throughout the month: 14.6%
• Anytime in the month: 37.1%

8.6 Classifieds
A study by Prof. Robert Seamans, Ph.D., at New York University Stern School of Business and Prof. Feng Zhu, Ph.D., at Harvard Business School assessed that classified ad buyers saved $5 billion by posting free listings onto Craigslist instead of buying ads in newspapers.

“While there are many complex reasons for the ongoing demise of newspapers, those looking for one particular thing often land on Craigslist as the culprit that gutted one of the industry’s cash cows. What Henry Ford was to the horse-and-buggy industry, Craig Newmark has been to the newspaper industry.”

Advertising Age

8.7 Alternative Weeklies
According to the Association of Alternative Newsmedia (AAN, www.aan.org), there are 114 alternative newsmedia organizations in the U.S., reaching more than 38 million adults in print, on the web, and on mobile devices.

Differing in many ways from mainstream newspapers, most alternative papers focus heavily on arts and entertainment, restaurant reviews, and local events.

State of the News Media 2016, by Pew Research Center (www.journalism.org), reports the top alternative weekly newspapers, ranked by overall circulation, as follows (change from previous year in parenthesis):
• San Diego Reader (San Diego, CA)*: 97,878 (-11%)
• Chicago Reader (Chicago, IL)*: 89,225 (-1%)
• LA Weekly (Los Angeles, CA)**: 84,953 (-15%)
• The Austin Chronicle (Austin, TX)*: 71,997 (-1%)
• Village Voice (New York, NY)*: 70,394 (-36%)
• Sacramento News & Review (Sacramento, CA)*: 70,121 (2%)
• Phoenix New Times (Phoenix, AZ)*: 69,187 (1%)
• SF Weekly (San Francisco, CA)***: 65,674 (no change)
The following is a list of the Top 10 alternative newspaper websites, based on cumulative ratings of readers ages 18 and older (source: The Media Audit [www.themediaaudit.com]):

<table>
<thead>
<tr>
<th>Website</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-ville (Charlottesville, VA; <a href="http://www.c-ville.com">www.c-ville.com</a>):</td>
<td>14.7</td>
</tr>
<tr>
<td>The Daily Page (Madison, WI; <a href="http://www.thedailypage.com">www.thedailypage.com</a>):</td>
<td>11.7</td>
</tr>
<tr>
<td>The Austin Chronicle (Austin, TX; <a href="http://www.austinchronicle.com">www.austinchronicle.com</a>):</td>
<td>11.3</td>
</tr>
<tr>
<td>The Hook (Charlottesville, VA; <a href="http://www.readthehook.com">www.readthehook.com</a>):</td>
<td>10.9</td>
</tr>
<tr>
<td>alibi (Albuquerque, NM; <a href="http://www.alibi.com">www.alibi.com</a>):</td>
<td>10.5</td>
</tr>
<tr>
<td>Nashville Scene (Nashville, TN; <a href="http://www.nashvillescene.com">www.nashvillescene.com</a>):</td>
<td>9.9</td>
</tr>
<tr>
<td>Arkansas Times (Little Rock, AR; <a href="http://www.arkansastimes.com">www.arkansastimes.com</a>):</td>
<td>9.4</td>
</tr>
<tr>
<td>Miami New Times (Miami-Ft. Lauderdale, FL; <a href="http://www.newtimes.com">www.newtimes.com</a>):</td>
<td>8.9</td>
</tr>
<tr>
<td>City Paper (Baltimore, MD; <a href="http://www.citypaper.com">www.citypaper.com</a>):</td>
<td>8.9</td>
</tr>
<tr>
<td>Best of New Orleans (New Orleans, LA; <a href="http://www.bestofneworleans.com">www.bestofneworleans.com</a>):</td>
<td>8.1</td>
</tr>
</tbody>
</table>

8.8 Market Resources
Alliance for Audited Media, 48 West Seegers Road, Arlington Heights, IL 60005. (224) 366-6939. (www.auditedmedia.com)

Association of Alternative Newsmedia, 116 Cass Street, Traverse City, MI 49684. (231) 487-2261. (www.aan.org)

News Media Alliance, 4401 N. Fairfax Drive, Suite 300, Arlington, VA 22203. (571) 366-1000. (www.newsmediaalliance.org)

9

OUT-OF-HOME ADVERTISING

9.1 Market Assessment

According to the Outdoor Association of America (OAAA, www.oaaa.org), out-of-home (OOH) advertising spending has been as follows:

- 2006: $6.8 billion
- 2007: $7.3 billion
- 2008: $7.0 billion
- 2009: $5.9 billion
- 2010: $6.1 billion
- 2011: $6.4 billion
- 2012: $6.7 billion
- 2013: $6.9 billion
- 2014: $7.0 billion
- 2015: $7.3 billion
- 2016: $7.6 billion

OOH spending ended 2016 with 23 consecutive quarters of growth.

_________________________________________________________________

“Out-of-home advertising is the only advertising medium unaffected by the Internet. At $7.6 billion it is half the size of radio advertising and one-third the size of newspapers. Except for a slight dip in 2014, it’s the only ad medium outside of the Internet that’s shown consistent growth since 2008 and the only one expected to show year-to-year growth over the next five years.”

Center for Media Research
Research Brief 6/21/16
9.2 Digital OOH Advertising
Digital placements accounted for 43% of out-of-home advertising spending in 2016.

According to eMarketer (www.emarketer.com), digital out-of-home ad spending has been, and is projected, as follows:

- 2014: $2.68 billion
- 2015: $2.96 billion
- 2016: $3.29 billion
- 2017: $3.67 billion
- 2018: $4.08 billion
- 2019: $4.47 billion

“While ‘digital’ can mean disruption for print and broadcast media, it has a very different connotation in the outdoor world. The digitization of signage has allowed a single billboard to go from delivering one poster-type advertisement per month to offering 10 per minute in vibrant, eye catching brilliance. This year, digital signs will account for 17% of all billboard revenue, up from 4% a decade ago.”

Center for Media Research
Research Brief 6/21/16

9.3 Spending By Format
By format, out-of-home spending is distributed as follows (source: Outdoor Advertising Association of America):

- Billboards: 64%
- Transit: 17%
- Alternative: 12%
- Street furniture: 7%

9.4 Market Leaders
According to Advertising Age, the following are the top out-of-home advertising
companies, ranked by annual revenue:
- Clear Channel Outdoor: $2.7 billion
- Lamar Advertising Co.: $1.5 billion
- Outfront Media: $1.5 billion

The following are other market leaders:
- City Outdoor
- Fairway Outdoor Advertising
- Intersection
- JCDécaux
- NextMedia Outdoor
- Reagan National Advertising

Outdoor is very much a local business; almost two-thirds of ad revenue comes from local establishments. In all, there are 2,190 out-of-home advertising companies, according to Borrell Associates (www.borrellassociates.com).

9.5 Measured Ad Spending By Sector

By sector, measured out-of-home advertising spending is distributed as follows (source: Kantar Media and OAAA):
- Misc. services & amusements: 25%
- Retail: 14%
- Media & advertising: 11%
- Restaurants: 9%
- Public transportation, hotels & resorts: 9%
- Financial: 7%
- Insurance & real estate: 7%
- Government, politics & organizations: 6%
- Communications: 6%
- Automotive dealers & services: 5%

Among the top revenue categories, those with the greatest growth increase in 2016 were Miscellaneous Local Services & Amusements (9.2%), Automotive Dealers & Services (6.8%), Financial (5.5%), Restaurants (4.7%), Government, Politics and Organizations (3.8%), and Public Transportation, Hotels and Resorts (2.7%).

9.6 Top Advertisers

According to Advertising Age (June 2016), the top outdoor advertisers, ranked by spending, were as follows (change from prior year in parenthesis):
- Comcast: $82.7 million (-0.7%)
- McDonald’s: $73.6 million (4.4%)
• Time Warner: $62.7 million (-1.2%)
• Apple: $59.7 million (-2.4%)
• T-Mobile US: $54.8 million (-9.0%)
• Verizon: $47.9 million (39.6%)
• 21st Century Fox: $43.8 million (-9.8%)
• Coca-Cola Co.: $42.7 million (51.8%)
• Walt Disney Co.: $40.0 million (-7.1%)
• SABMiller (MillerCoors): $35.5 million (10.9%)

Of the top 100 OOH advertisers in 2016, 68 had increases in OOH spend equal or greater to the industry increase of 3.1%.

Among the top 100 OOH advertisers with the greatest spend increase for 2016 were Amazon, American Express, Anheuser-Busch, Budweiser, Capital One, Chevrolet, Chevrolet Dealers Association, Cylance, Deloitte & Touche, Facebook, GrubHub.com, Jim Beam, JP Morgan, Marriott, Motorola, New York State Gaming Commission, and Uber.

9.7 High Mileage Drivers
Exposure to billboard and outdoor advertising is generally proportional to time spent driving.


According to International Demographics (www.themediaaudit.com), 15.8% of adults are high-mileage drivers, driving more than 350 miles in a typical week. Among high-mileage drivers, 45% earn more than $75,000 in household income, a figure that is 46% higher when compared to the typical U.S. adult. Further, 29.2% of high mileage drivers earn more than $100,000 in income, compared to 18.8% of all U.S. adults who fall into the same income category.

The following metropolitan areas have the highest percentages of high-mileage drivers:
• Charlotte, NC: 22.4%
• San Antonio, TX: 21.5%
• Columbia-Jefferson City, MO: 21.5%
• Little Rock, AR: 21.2%
• Columbia, SC: 21.0%

9.8 Digital Place-Based Advertising
In addition to exposure while driving, consumers view place-based advertising while at airports, restaurants, retail stores, movie theaters, sports venues, and other locations. This advertising is further assessed in Chapter 21 of this handbook.
9.9 Market Resources
10.1 Audience Assessment

According to The Nielsen Total Audience Report Q4 2016, by Nielsen (www.nielsen.com), radio reaches 266.46 million people ages 12 and older over the course of a typical week.

By age, the AM/FM radio listening audience is as follows:

- 12-to-17: 23.82 million
- 18-to-24: 29.80 million
- 25-to-34: 42.53 million
- 35-to-49: 59.94 million
- 50-to-64: 62.45 million
- 65 and older: 48.65 million

The diversity of radio formats attracts advertiser-coveted target demographics. According to Arbitron, 93% of African-Americans and 95% of Hispanic-Americans ages 12 and older tune into radio over the course of a week.

Radio reaches 96% of adults ages 18-to-49 with a college education and a household income of more than $75,000.

10.2 Listening Time

The Nielsen Total Audience Report Q4 2016 reported average AM/FM radio listening time among adults was one hour, 52 minutes, a figure unchanged from 2014 and 2015.

By age, average listening time per week in 2016 was as follows:

- 12-to-17: 7 hours, 3 minutes
- 18-to-24: 10 hours, 14 minutes
- 25-to-34: 11 hours, 17 minutes
- 35-to-49: 13 hours, 44 minutes
- 50-to-64: 15 hours, 17 minutes
- 65 and older: 12 hours, 37 minutes

10.3 Market Assessment

The Radio Advertising Bureau (www.rab.com) assesses radio advertising spending
as follows:

- **Spot:** $12.23 billion
- **Off-Air:** $2.04 billion
- **Network:** $1.09 billion
- **Digital:** $1.02 billion
- **Total:** $17.37 billion

### 10.4 Measured Ad Spending by Sector

By sector, measured radio advertising spending is as follows (source: Kantar Media [www.kantarmedia.com]):

- **Retail:** $1.653 billion
- **General services:** $1.057 billion
- **Automotive:** $879 million
- **Telecommunications and Internet services:** $587 million
- **Financial services:** $559 million
- **Restaurants:** $469 million
- **Insurance:** $442 million
- **Media:** $378 million
- **Government, politics, and religion:** $290 million
- **Airlines, hotels, car rental, and travel:** $262 million
- **Education:** $189 million
- **Medicine and remedies:** $157 million
- **Food, beverages, and candy:** $133 million
- **Movies, recorded music, and video:** $119 million
- **Beer, wine, and liquor:** $90 million
- **Computers and software:** $87 million
- **Gas and oil:** $87 million
- **Real estate:** $48 million
- **Personal care:** $39 million
- **Hardware and home building supplies:** $32 million
- **Home furnishing/appliances/electronics:** $25 million
- **Apparel:** $19 million
- **Home supplies and cleaners:** $14 million
- **Direct-response advertising:** $48 million
- **Other:** $159 million

### 10.5 Top Radio Advertisers

According to *Advertising Age* (June 2017) and Kantar Media, the top network, national, spot, and local radio advertisers, ranked by annual measured spending, are as follows:
• Comcast: $179.4 million
• T-Mobile: $176.2 million
• Berkshire Hathaway: $120.9 million
• AT&T: $116.4 million
• Home Depot: $ 99.7 million
• Verizon: $ 96.9 million
• Sprint: $ 92.2 million
• Fiat Chrysler: $ 76.9 million
• Restaurant Brands Inc.: $ 68.6 million
• Steinhoff International: $ 68.2 million

10.6 Digital Radio

eMarketer (www.emarketer.com) assesses U.S. monthly digital radio listeners as follows:

- 2013: 147.8 million
- 2014: 160.2 million
- 2015: 169.9 million
- 2016: 176.7 million
- 2017: 181.2 million
- 2018: 184.8 million
- 2019: 191.6 million

“Digital radio has evolved into a viable, robust digital channel that complements social media, video sites and other mainstream venues. Audio streaming services are aggressively growing their user bases, advertising revenues and integration with technology platforms ranging from game consoles and connected TVs to automobiles and wearables. Virtually any device that can deliver music is fair game for streaming apps, and for many users, these apps are the main conduit to their listening experiences.”

eMarketer
Ranked by monthly unique visitors, the top music sites are as follows (sources: Alexa [www.alexa.com], Compete [www.compete.com], eBizMBA [www.ebizmba.com], and Quantcast [www.quantcast.com]):

- Pandora (www.pandora.com): 60 million
- Yahoo! Music (www.yahoo.com/music): 55 million
- Google Play (https://play.google.com/): 52 million
- Sound Cloud (www.soundcloud.com): 50 million
- MySpace (www.myspace.com): 40 million
- Spotify (www.spotify.com): 16 million
- TuneIn (www.tunein.com): 15 million
- Last FM (www.last.fm): 13 million
- iHeart Radio (www.iheart.com): 7 million

10.7 Market Resources

Radio Advertising Bureau, 125 West 55th Street, 21st Floor, New York, NY 10019. (800) 252-7234. (www.rab.com)
11

TELEVISION ADVERTISING

11.1 Audience Assessment

Analysts estimate that adults spend between 3.4 hours and 5.5 hours per day watching television.

Over 87% of households in the United States subscribe to some type of multichannel video service, according to Leichtman Research Group (www.leichtmanresearch.com). Among those who do so, viewing platforms are as follows:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Cable</th>
<th>Netflix</th>
<th>Satellite</th>
<th>Amazon Prime</th>
<th>iTunes</th>
<th>Hulu</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18-24</td>
<td>25-34</td>
<td>35-49</td>
<td>50-59</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>77%</td>
<td>73%</td>
<td>64%</td>
<td>66%</td>
<td>70%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25-34</td>
<td>56%</td>
<td>51%</td>
<td>37%</td>
<td>19%</td>
<td>41%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35-49</td>
<td>20%</td>
<td>24%</td>
<td>33%</td>
<td>27%</td>
<td>26%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50-59</td>
<td>18%</td>
<td>26%</td>
<td>18%</td>
<td>8%</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to Leichtman, 44% of U.S. TV households have at least one digital video recorder (DVR), an increase from only 5% that owned one in 2005. Still, about 90% of TV viewing in the United States is live (i.e., viewed during first airing).

According to Nielsen (www.nielsen.com), the monthly time adults, by age and ethnicity, spend watching TV was as follows (hours:minutes):

<table>
<thead>
<tr>
<th>All TV Households</th>
<th>18-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time-shifted TV:</td>
<td>8:43</td>
<td>15:19</td>
<td>17:08</td>
<td>17:33</td>
<td>14:28</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>African-American</th>
<th>18-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional TV:</td>
<td>152:54</td>
<td>178:09</td>
<td>209:06</td>
<td>276:46</td>
<td>312:57</td>
</tr>
<tr>
<td>Time-shifted TV:</td>
<td>10:08</td>
<td>15:08</td>
<td>16:04</td>
<td>15:05</td>
<td>10:51</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asian-American</th>
<th>18-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50-64</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional TV:</td>
<td>47:07</td>
<td>76:07</td>
<td>74:12</td>
<td>104:15</td>
<td>157:44</td>
</tr>
</tbody>
</table>
Hispanic

<table>
<thead>
<tr>
<th>Age Group</th>
<th>18-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50-64</th>
<th>65+</th>
</tr>
</thead>
</table>

11.2 Market Assessment

Kantar Media (www.kantarmedia.com) estimates measured television advertising spending in 2016 at $78.9 billion. Distribution was as follows:

- Broadcast network TV: $28.5 billion
- Cable TV networks: $28.0 billion
- Broadcast spot TV: $17.0 billion
- National syndicated TV: $5.4 billion

11.3 Measured Ad Spending By Sector

By sector, measured TV advertising spending was as follows (sources: Kantar Media and Advertising Age):

- Automotive: $8.95 billion
- Retail: $6.75 billion
- Telecommunications and Internet services: $6.00 billion
- Food, beverages, and candy: $5.44 billion
- Restaurants: $4.58 billion
- Medicine and remedies: $4.51 billion
- Direct-response advertising (infomercials): $4.20 billion
- Movies, recorded music, and video: $3.47 billion
- Financial services: $3.36 billion
- Personal care: $3.20 billion
- Insurance: $3.15 billion
- General services: $3.02 billion
- Home supplies and cleaners: $1.46 billion
- Airlines, hotels, car rental, and travel: $1.23 billion
- Beer, wine, and liquor: $1.11 billion
- Toys and games: $1.04 billion
- Computers and software: $993 million
- Government, politics, and religion: $755 million
- Education: $743 million
- Home furnishing/appliances/electronics: $673 million
- Media: $518 million
- Apparel: $408 million
- Pet food and pet care: $364 million
- Gas and oil: $288 million
- Hardware and home building supplies: $266 million
- Shipping and freight: $183 million
• Sporting goods: $136 million
• Real estate: $103 million
• Office equipment: $69 million
• Miscellaneous: $635 million

11.4 Top Advertisers

According to Advertising Age (June 2017), the top TV advertisers, ranked by annual spending, are as follows:

Broadcast Network TV
• Procter & Gamble: $971.1 million
• Ford Motor Co.: $675.9 million
• General Motors: $668.5 million
• Pfizer: $625.7 million
• AT&T: $622.8 million
• Verizon Communications: $530.9 million
• T-Mobile: $505.1 million
• Apple: $496.3 million
• Samsung Electronics: $475.3 million
• Berkshire Hathaway: $471.1 million

Broadcast Spot TV & National Syndicated TV
• Comcast: $341.8 million
• General Motors: $306.0 million
• Fiat Chrysler: $289.9 million
• Nissan Motor Co.: $270.8 million
• Charter Communications: $246.5 million
• Toyota: $178.8 million
• Ford Motor Co.: $153.8 million
• McDonald’s: $135.1 million
• Volkswagen: $129.8 million
• Berkshire Hathaway: $125.2 million

Cable TV Networks
• Procter & Gamble: $703.5 million
• Berkshire Hathaway: $533.2 million
• PepsiCo: $481.0 million
• AT&T: $452.8 million
• Yum! Brands: $394.5 million
• General Motors: $345.4 million
• Comcast: $344.4 million
• Time Warner: $299.5 million
• General Mills: $283.4 million
• Unilever: $262.0 million
11.5 Market Resources
Kantar Media, 100 Park Avenue, 4th Floor, New York, NY 10017. (212) 991-6000. (www.kantarmedia.com)

Leichtman Research Group, 567 Bay Road, Durham, NH 03824. (603) 397-5400. (www.leichtmanresearch.com)

Television Bureau of Advertising, 120 Wall Street, 15th Floor, New York, NY 10005. (212) 486-1111. (www.tvb.org)

Nielsen, 770 Broadway, New York, NY 10003. (212) 708-7500. (www.nielsen.com)

Video Advertising Bureau, 830 3rd Avenue, 2nd Floor, New York, New York 10022. (212) 508-1200. (www.thevab.com)
12.

TOP ADVERTISERS

12.1 Overview

Based on data from Kantar Media (www.kantarmedia.com), Advertising Age publishes an annual list of the top advertisers ranked by annual U.S. advertising spending. This chapter lists the top advertisers from the June 2017 assessment.

12.2 Top Spending Advertisers

The following companies have the highest spending on advertising (source: Kantar Media):

- Comcast: $5.62 billion
- Procter & Gamble: $4.31 billion
- General Motors: $3.77 billion
- AT&T: $3.60 billion
- Nestlé: $2.75 billion
- Verizon Communications: $2.74 billion
- American Express: $2.74 billion
- Amazon: $2.64 billion
- Ford Motor Co.: $2.34 billion
- JPMorgan Chase & Co.: $2.32 billion
- Walmart: $2.17 billion
- Fiat Chrysler: $2.16 billion
- Pfizer: $2.14 billion
- Samsung Electronics: $2.13 billion
- Toyota Motor Co.: $2.00 billion
- Walt Disney Co.: $1.99 billion
- Berkshire Hathaway: $1.93 billion
- Johnson & Johnson: $1.93 billion
- Anheuser-Busch InBev: $1.92 billion
- L’Oréal: $1.92 billion
- Google: $1.83 billion
- Capital One: $1.71 billion
- T-Mobile: $1.70 billion
- 21st Century Fox: $1.68 billion
- Expedia: $1.56 billion
<table>
<thead>
<tr>
<th>Company</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macy’s</td>
<td>$1.55 billion</td>
</tr>
<tr>
<td>Merck &amp; Co.</td>
<td>$1.54 billion</td>
</tr>
<tr>
<td>Time Warner</td>
<td>$1.53 billion</td>
</tr>
<tr>
<td>Target</td>
<td>$1.50 billion</td>
</tr>
<tr>
<td>Bank of America</td>
<td>$1.47 billion</td>
</tr>
<tr>
<td>Nike</td>
<td>$1.47 billion</td>
</tr>
<tr>
<td>PepsiCo</td>
<td>$1.46 billion</td>
</tr>
<tr>
<td>McDonald’s</td>
<td>$1.45 billion</td>
</tr>
<tr>
<td>Honda Motor Co.</td>
<td>$1.37 billion</td>
</tr>
<tr>
<td>Unilever</td>
<td>$1.34 billion</td>
</tr>
<tr>
<td>Charter Communications</td>
<td>$1.26 billion</td>
</tr>
<tr>
<td>LVMH Moët Hennessy Louis Vuitton</td>
<td>$1.25 billion</td>
</tr>
<tr>
<td>Nissan Motor Co.</td>
<td>$1.19 billion</td>
</tr>
<tr>
<td>Kohl’s</td>
<td>$1.16 billion</td>
</tr>
<tr>
<td>Sprint Corp.</td>
<td>$1.10 billion</td>
</tr>
<tr>
<td>Mars</td>
<td>$1.10 billion</td>
</tr>
<tr>
<td>Yum! Brands</td>
<td>$999 million</td>
</tr>
<tr>
<td>GlaxoSmithKline</td>
<td>$993 million</td>
</tr>
<tr>
<td>Estée Lauder</td>
<td>$961 million</td>
</tr>
<tr>
<td>Apple</td>
<td>$941 million</td>
</tr>
<tr>
<td>U.S. Government</td>
<td>$918 million</td>
</tr>
<tr>
<td>Molson Coors Brewing</td>
<td>$916 million</td>
</tr>
<tr>
<td>Volkswagen</td>
<td>$912 million</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>$876 million</td>
</tr>
<tr>
<td>Home Depot</td>
<td>$874 million</td>
</tr>
<tr>
<td>State Farm</td>
<td>$861 million</td>
</tr>
<tr>
<td>Lowe’s</td>
<td>$842 million</td>
</tr>
<tr>
<td>Eli Lily &amp; Co.</td>
<td>$824 million</td>
</tr>
<tr>
<td>Sanofi</td>
<td>$823 million</td>
</tr>
<tr>
<td>Bayer</td>
<td>$795 million</td>
</tr>
<tr>
<td>J.C. Penney Co.</td>
<td>$795 million</td>
</tr>
<tr>
<td>Allstate</td>
<td>$785 million</td>
</tr>
<tr>
<td>Viacom</td>
<td>$784 million</td>
</tr>
<tr>
<td>Citigroup</td>
<td>$765 million</td>
</tr>
<tr>
<td>Microsoft</td>
<td>$761 million</td>
</tr>
<tr>
<td>AbbVie</td>
<td>$746 million</td>
</tr>
<tr>
<td>Sony</td>
<td>$740 million</td>
</tr>
<tr>
<td>IAC/InterActive Corp.</td>
<td>$738 million</td>
</tr>
<tr>
<td>Diageo</td>
<td>$735 million</td>
</tr>
<tr>
<td>Discover</td>
<td>$731 million</td>
</tr>
<tr>
<td>Kroger</td>
<td>$717 million</td>
</tr>
<tr>
<td>Progressive</td>
<td>$688 million</td>
</tr>
<tr>
<td>Sears Holdings Corp.</td>
<td>$684 million</td>
</tr>
<tr>
<td>Best Buy</td>
<td>$683 million</td>
</tr>
</tbody>
</table>
• Kia Motors Corp.: $ 671 million
• Allergan: $ 618 million
• Daimler: $ 616 million
• Dish Network: $ 603 million
• Wells Fargo & Co.: $ 595 million
• Walgreens: $ 576 million
• Albertsons: $ 574 million
• Hyundai: $ 543 million
• General Mills: $ 543 million
• Coty: $ 537 million
• Quicken Loans: $ 533 million
• Bristol-Myers Squibb: $ 531 million
• Clorox: $ 528 million
• Lions Gate Entertainment: $ 527 million
• Restaurant Brands International: $ 522 million
• eBay: $ 516 million
• Constellation Brands: $ 513 million
• Subway: $ 508 million
• IBM: $ 506 million
• Liberty Mutual: $ 500 million
• Kraft Heinz: $ 498 million
• Subaru: $ 486 million
• AstroZeneca: $ 485 million
• Kellogg: $ 476 million
• Reckitt Benckiser Group: $ 474 million
• Gap: $ 464 million
• Priceline: $ 461 million
• Visa: $ 452 million
• Intel: $ 451 million
• Heineken: $ 436 million
• Dunkin’ Brands: $ 436 million

12.3 Market Resources
Advertising Age, 711 Third Avenue, New York, NY 10017. (212) 210-0100.
(www.adage.com)

Kantar Media, 100 Park Avenue, 4th Floor, New York, NY 10017. (212) 991-6000.
(www.kantarmedia.com)
TOP ADVERTISING AGENCIES

13.1 Overview

*Advertising Age* publishes an annual list of the top agencies ranked by annual U.S. revenue. This chapter lists the top U.S. agencies from the May 2017 assessment (parent companies or networks also given).

13.2 Top 100 Agencies

Ranked by annual U.S. revenue, the 100 largest advertising agencies are as follows:

- Epsilon (Alliance Data Systems Corp.): $1.86 billion
- Accenture Interactive (Accenture): $1.74 billion
- Deloitte Digital (Deloitte): $1.38 billion
- PwC Digital Services (PricewaterhouseCoopers): $1.37 billion
- SapientRazorfish (Publicis): $1.16 billion
- IBM Interactive (IBM Corp.): $1.10 billion
- Acxion Corp.: $799 million
- Publicis Health (Publicis): $770 million
- Ogilvy (WPP): $752 million
- Advantage Marketing Partners: $639 million
- BBDO Worldwide (Omnicom): $626 million
- McCann (Interpublic): $610 million
- Edelman (DJE Holdings): $533 million
- J. Walter Thompson (WPP): $522 million
- Merkle: $509 million
- Rapp (Omnicom): $492 million
- Weber Shandwick (Interpublic): $490 million
- DigitasLBi (Publicis): $465 million
- Y&R (WPP): $455 million
- Leo Burnett Worldwide (Publicis): $454 million
- Wunderman (WPP): $432 million
- Havas Worldwide (Havas): $416 million
- TBWA Worldwide (Omnicom): $380 million
- Experian Marketing Services (Experian): $377 million
- Starcom USA (Publicis): $371 million
• Publicis Worldwide (Publicis): $370 million
• MediaVest USA (Publicis): $369 million
• Mindshare Worldwide (WPP): $368 million
• R/GA (Interpublic): $361 million
• FleishmanHillard (Omnicom): $358 million
• Mosaic: $352 million
• Grey (WPP): $351 million
• OMD Worldwide (Omnicom): $348 million
• FCB (Interpublic): $341 million
• inVenia Health: $335 million
• DDB Worldwide (Omnicom): $334 million
• Zenith (Publicis): $332 million
• Freeman: $325 million
• Harte Hanks: $314 million
• Ketchum (Omnicom): $308 million
• Horizon Media: $281 million
• FBC Health (Interpublic): $258 million
• MRM/McCann (Interpublic): $248 million
• ICF Olson (ICF International): $248 million
• MediaCom (WPP): $243 million
• MEC (WPP): $235 million
• Saatchi & Saatchi (Publicis): $224 million
• Wieden & Kennedy: $223 million
• Huge (Interpublic): $222 million
• VML (WPP): $220 million
• iCrossing (Hearst Corp.): $220 million
• Havas Health & You (Havas): $219 million
• Burson-Marsteller (WPP): $218 million
• Deutsch (Interpublic): $202 million
• Catapult (Alliance Data Systems Corp.): $201 million
• Marketing Arm (Omnicom): $197 million
• Richards Group: $194 million
• Hill Holiday (Interpublic): $187 million
• George P. Johnson (Project Worldwide): $180 million
• Performics (Publicis): $180 million
• 360i (Dentsu): $178 million
• Possible (WPP): $177 million
• Droga5: $170 million
• Geometry Global (WPP): $167 million
• MullenLowe (Interpublic): $166 million
• Carat (Dentsu): $166 million
• AKQA (WPP): $165 million
• Havas Media Group (Havas): $163 million
• GMR Marketing (Omnicom): $158 million
<table>
<thead>
<tr>
<th>Agency</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maxus (WPP)</td>
<td>$154 million</td>
</tr>
<tr>
<td>CDM (Omnicom)</td>
<td>$150 million</td>
</tr>
<tr>
<td>McGarryBowen (Dentsu)</td>
<td>$150 million</td>
</tr>
<tr>
<td>Interbrand (Omnicom)</td>
<td>$149 million</td>
</tr>
<tr>
<td>Zimmerman Advertising (Omnicom)</td>
<td>$148 million</td>
</tr>
<tr>
<td>Momentum Worldwide (Interpublic)</td>
<td>$146 million</td>
</tr>
<tr>
<td>Hill &amp; Knowlton Strategies (WPP)</td>
<td>$146 million</td>
</tr>
<tr>
<td>Integer Group</td>
<td>$146 million</td>
</tr>
<tr>
<td>UM (Interpublic)</td>
<td>$145 million</td>
</tr>
<tr>
<td>Klick</td>
<td>$145 million</td>
</tr>
<tr>
<td>Match Marketing Group</td>
<td>$142 million</td>
</tr>
<tr>
<td>CP&amp;B (MDC Partners)</td>
<td>$138 million</td>
</tr>
<tr>
<td>Ansira</td>
<td>$137 million</td>
</tr>
<tr>
<td>Isobar (Dentsu)</td>
<td>$136 million</td>
</tr>
<tr>
<td>Critical Mass (Omnicom)</td>
<td>$135 million</td>
</tr>
<tr>
<td>72andSunny (MDC Partners)</td>
<td>$134 million</td>
</tr>
<tr>
<td>Organic (Omnicom)</td>
<td>$134 million</td>
</tr>
<tr>
<td>DDB Health (Omnicom)</td>
<td>$134 million</td>
</tr>
<tr>
<td>Octagon (Interpublic)</td>
<td>$133 million</td>
</tr>
<tr>
<td>Golin (Interpublic)</td>
<td>$130 million</td>
</tr>
<tr>
<td>Ogilvy CommonHealth Worldwide (WPP)</td>
<td>$129 million</td>
</tr>
<tr>
<td>OMG Entertainment &amp; Sports (Omnicom)</td>
<td>$129 million</td>
</tr>
<tr>
<td>Jack Morton Worldwide (Interpublic)</td>
<td>$128 million</td>
</tr>
<tr>
<td>Trailer Park (Engine Group)</td>
<td>$127 million</td>
</tr>
<tr>
<td>iProspect (Dentsu)</td>
<td>$126 million</td>
</tr>
<tr>
<td>Martin Agency (Interpublic)</td>
<td>$124 million</td>
</tr>
<tr>
<td>Proximity (Omnicom)</td>
<td>$123 million</td>
</tr>
<tr>
<td>Team One (Publicis)</td>
<td>$120 million</td>
</tr>
<tr>
<td>EPAM Systems</td>
<td>$119 million</td>
</tr>
<tr>
<td>RPA</td>
<td>$118 million</td>
</tr>
</tbody>
</table>

### 13.3 Market Resources

*Advertising Age*, 711 Third Avenue, New York, NY 10017. (212) 210-0100. (www.adage.com)
PART III: DIGITAL MARKETING
14 DIGITAL ADVERTISING

14.1 Internet Advertising Revenue

According to the IAB Internet Advertising Revenue Report, by the Interactive Advertising Bureau (IAB, www.iab.net) and PricewaterhouseCoopers (PwC, www.pwc.com), digital advertising spending has been as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Desktop/Laptop</th>
<th>Mobile</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$12.5 billion</td>
<td>-</td>
<td>$12.5 billion</td>
</tr>
<tr>
<td>2006</td>
<td>$16.9 billion</td>
<td>-</td>
<td>$16.9 billion</td>
</tr>
<tr>
<td>2007</td>
<td>$21.2 billion</td>
<td>-</td>
<td>$21.2 billion</td>
</tr>
<tr>
<td>2008</td>
<td>$23.4 billion</td>
<td>-</td>
<td>$23.4 billion</td>
</tr>
<tr>
<td>2009</td>
<td>$22.7 billion</td>
<td>-</td>
<td>$22.7 billion</td>
</tr>
<tr>
<td>2010</td>
<td>$25.4 billion</td>
<td>-</td>
<td>$26.0 billion</td>
</tr>
<tr>
<td>2011</td>
<td>$30.1 billion</td>
<td>$1.6 billion</td>
<td>$31.7 billion</td>
</tr>
<tr>
<td>2012</td>
<td>$33.2 billion</td>
<td>$3.4 billion</td>
<td>$36.6 billion</td>
</tr>
<tr>
<td>2013</td>
<td>$35.7 billion</td>
<td>$7.1 billion</td>
<td>$42.8 billion</td>
</tr>
<tr>
<td>2014</td>
<td>$37.0 billion</td>
<td>$12.5 billion</td>
<td>$49.5 billion</td>
</tr>
<tr>
<td>2015</td>
<td>$38.5 billion</td>
<td>$20.8 billion</td>
<td>$59.6 billion</td>
</tr>
<tr>
<td>2016</td>
<td>$35.9 billion</td>
<td>$36.6 billion</td>
<td>$72.5 billion</td>
</tr>
</tbody>
</table>

“Mobile makes up more than 50% of Internet advertising revenue for the first time.”

IAB Internet Advertising Revenue Report
IAB and PwC, 4/17

Social media advertising revenue has been as follows:

- 2012: $2.9 billion
- 2013: $4.5 billion
- 2014: $6.0 billion
- 2015: $10.8 billion
- 2016: $16.3 billion
Digital advertising spending by format in 2016 was distributed as follows:

- Mobile: 51%
- Search - desktop: 24%
- Banner - desktop: 12%
- Digital video - desktop: 7%
- Other: 6%

Mobile advertising was distributed as follows:

- Search: 47%
- Banner: 38%
- Digital video: 11%
- Other: 4%

Media formats were distributed as follows:

- Display: 51%
- Search: 45%
- Other: 5%

Internet ad spending by sector in 2016 was distributed as follows:

- Retail: 21%
- Financial services: 13%
- Automotive: 12%
- Telecommunications: 9%
- Leisure travel: 9%
- Consumer electronics and computers: 8%
- Consumer packaged goods: 6%
- Healthcare and pharmaceuticals: 5%
- Media: 5%
- Entertainment: 4%

### 14.2 Digital Ad Spending

eMarketer (www.emarketer.com) assesses digital ad spending as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Digital Ad Spending</th>
<th>Pct. Change</th>
<th>Pct. of Total Ad Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 59.82 billion</td>
<td>20.4%</td>
<td>32.7%</td>
</tr>
<tr>
<td>2016</td>
<td>$ 72.09 billion</td>
<td>20.5%</td>
<td>36.8%</td>
</tr>
<tr>
<td>2017</td>
<td>$ 82.86 billion</td>
<td>14.9%</td>
<td>40.0%</td>
</tr>
<tr>
<td>2018</td>
<td>$ 93.18 billion</td>
<td>12.5%</td>
<td>42.5%</td>
</tr>
<tr>
<td>2019</td>
<td>$103.39 billion</td>
<td>11.0%</td>
<td>44.8%</td>
</tr>
<tr>
<td>2020</td>
<td>$113.18 billion</td>
<td>9.5%</td>
<td>46.6%</td>
</tr>
</tbody>
</table>
By format, digital ad spending is assessed by eMarketer as follows (in billions):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Display:</td>
<td>$26.92</td>
<td>$34.56</td>
<td>$40.86</td>
<td>$46.19</td>
<td>$51.51</td>
<td>$56.63</td>
</tr>
<tr>
<td>Search:</td>
<td>$28.84</td>
<td>$33.28</td>
<td>$37.44</td>
<td>$42.18</td>
<td>$46.86</td>
<td>$51.37</td>
</tr>
<tr>
<td>Lead generation:</td>
<td>$ 1.73</td>
<td>$ 1.85</td>
<td>$ 1.95</td>
<td>$ 2.02</td>
<td>$ 2.07</td>
<td>$ 2.12</td>
</tr>
<tr>
<td>Classified/directories:</td>
<td>$ 1.79</td>
<td>$ 1.80</td>
<td>$ 1.98</td>
<td>$ 2.14</td>
<td>$ 2.27</td>
<td>$ 2.37</td>
</tr>
<tr>
<td>Email:</td>
<td>$ 0.28</td>
<td>$ 0.31</td>
<td>$ 0.34</td>
<td>$ 0.37</td>
<td>$ 0.39</td>
<td>$ 0.41</td>
</tr>
<tr>
<td>Mobile messaging:</td>
<td>$ 0.27</td>
<td>$ 0.29</td>
<td>$ 0.29</td>
<td>$ 0.29</td>
<td>$ 0.28</td>
<td>$ 0.28</td>
</tr>
</tbody>
</table>

Display ad spending is assessed as follows (in billions):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Banners/other:</td>
<td>$11.91</td>
<td>$14.38</td>
<td>$16.18</td>
<td>$17.84</td>
<td>$19.51</td>
<td>$21.45</td>
</tr>
<tr>
<td>Video:</td>
<td>$ 7.68</td>
<td>$10.30</td>
<td>$12.55</td>
<td>$14.40</td>
<td>$16.29</td>
<td>$17.95</td>
</tr>
<tr>
<td>Rich media:</td>
<td>$ 5.60</td>
<td>$ 7.97</td>
<td>$10.07</td>
<td>$11.79</td>
<td>$13.45</td>
<td>$14.87</td>
</tr>
<tr>
<td>Sponsorships:</td>
<td>$ 1.73</td>
<td>$ 1.90</td>
<td>$ 2.05</td>
<td>$ 2.16</td>
<td>$ 2.27</td>
<td>$ 2.36</td>
</tr>
</tbody>
</table>

* Rich media refers to an ad that uses advanced technology such as streaming video, downloaded programs that interact with the user, and ads that change when the user’s mouse passes over it.

### 14.3 Spending by Sector

eMarketer assesses digital ad spending by sector as follows (in billions):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail:</td>
<td>$13.18</td>
<td>$15.81</td>
<td>$18.15</td>
<td>$20.41</td>
<td>$22.65</td>
<td>$24.78</td>
</tr>
<tr>
<td>Automotive:</td>
<td>$ 7.45</td>
<td>$ 9.13</td>
<td>$10.64</td>
<td>$12.15</td>
<td>$13.69</td>
<td>$15.21</td>
</tr>
<tr>
<td>Financial services:</td>
<td>$ 7.33</td>
<td>$ 8.77</td>
<td>$10.09</td>
<td>$11.23</td>
<td>$12.35</td>
<td>$13.39</td>
</tr>
<tr>
<td>Telecom:</td>
<td>$ 6.62</td>
<td>$ 7.90</td>
<td>$ 8.99</td>
<td>$10.02</td>
<td>$11.02</td>
<td>$11.95</td>
</tr>
<tr>
<td>Consumer goods:</td>
<td>$ 5.07</td>
<td>$ 6.25</td>
<td>$ 7.26</td>
<td>$ 8.26</td>
<td>$ 9.27</td>
<td>$10.26</td>
</tr>
<tr>
<td>Travel:</td>
<td>$ 4.95</td>
<td>$ 5.96</td>
<td>$ 6.77</td>
<td>$ 7.52</td>
<td>$ 8.24</td>
<td>$ 8.90</td>
</tr>
<tr>
<td>Computing/electronics:</td>
<td>$ 4.53</td>
<td>$ 5.46</td>
<td>$ 6.27</td>
<td>$ 7.05</td>
<td>$ 7.82</td>
<td>$ 8.57</td>
</tr>
<tr>
<td>Media:</td>
<td>$ 3.46</td>
<td>$ 4.24</td>
<td>$ 4.79</td>
<td>$ 5.38</td>
<td>$ 5.97</td>
<td>$ 6.54</td>
</tr>
<tr>
<td>Entertainment:</td>
<td>$ 2.86</td>
<td>$ 3.45</td>
<td>$ 4.04</td>
<td>$ 4.64</td>
<td>$ 5.25</td>
<td>$ 5.86</td>
</tr>
<tr>
<td>Healthcare/pharma:</td>
<td>$ 1.67</td>
<td>$ 2.02</td>
<td>$ 2.32</td>
<td>$ 2.66</td>
<td>$ 3.00</td>
<td>$ 3.34</td>
</tr>
<tr>
<td>Other:</td>
<td>$ 2.69</td>
<td>$ 3.10</td>
<td>$ 3.54</td>
<td>$ 3.87</td>
<td>$ 4.14</td>
<td>$ 4.40</td>
</tr>
</tbody>
</table>
14.4 Digital Agencies

According to *Advertising Age* (May 2017), the following are the largest digital ad agencies and networks (parent companies or networks also given):

- Accenture Interactive: $1.74 billion
- Publicis.Sapient: $1.65 billion
- Deloitte Digital: $1.38 billion
- Epsilon (Alliance Data Systems Corp.): $1.19 billion
- IBM Interactive: $1.10 billion
- PwC Digital Services: $880 million
- Omnicom Health Group: $566 million
- Wunderman (WPP): $513 million
- Ogilvy (WPP): $467 million
- DigitasLBi (Publicis): $465 million

14.5 Top Advertisers

According to *Advertising Age* (July 2017), the top Internet display advertisers, ranked by annual spending, are as follows:

- Experian: $186.2 million
- Comcast: $142.2 million
- American Red Cross: $135.2 million
- Scottrade: $134.0 million
- Verizon: $132.9 million
- General Motors: $126.0 million
- TD Ameritrade: $116.5 million
- Toyota: $109.2 million
- Symantec: $107.2 million
- State Farm Insurance: $105.2 million

14.6 Real-Time Bidding On Ad Exchanges

Buying and selling digital ads in real time takes place on ad exchanges. The Interactive Advertising Bureau defines real-time bidding (RTB) as a data-driven model allowing advertisers or their agencies to bid on digital media (display, video, mobile, social, etc.) in real time at the impression level.

IAB defines an ad exchange as a virtual marketplace where participating suppliers auction their impressions to eligible buyers. The ad exchange announces each impression in real time and asks buyers if they are interested and at which price.

Larger ad exchanges include Facebook Exchange, Google’s AdX, and Yahoo’s Right Media.
14.7 Market Resources
Advertising Age, 711 Third Avenue, New York, NY 10017. (212) 210-0100. (www.adage.com)

eMarketer, 11 Times Square, New York, NY 10036. (800) 405-0844. (www.emarketer.com)

Interactive Advertising Bureau, 116 East 27th Street, 7th Floor, New York, NY 10016. (212) 380-4700. (www.iab.net)
15.1 Influence On Purchase Decisions

A survey by Fluent (www.fluentco.com) asked Millennials the affect of digital ads and promotions on purchase decisions. Responses were as follows (percentage of respondents):

**Promotional Emails**
- All the time: 13%
- Most of the time: 13%
- Some of the time: 22%
- On a few occasions: 20%
- Never: 32%

**Ads On Social Media**
- All the time: 12%
- Most of the time: 12%
- Some of the time: 20%
- On a few occasions: 19%
- Never: 37%

**Ads On News And Entertainment Websites**
- All the time: 11%
- Most of the time: 13%
- Some of the time: 20%
- On a few occasions: 19%
- Never: 37%

**Promotional Text Messages (SMS)**
- All the time: 11%
- Most of the time: 14%
- Some of the time: 17%
- On a few occasions: 14%
- Never: 44%
“Digital marketing channels, like promotional emails and social media ads, can have an influence on Millennial purchases, research indicates.”

eMarketer, 8/31/16

A survey by PricewaterhouseCoopers (www.pwc.com) asked Internet users which social media activities influence their online shopping. Responses were as follows (percentage of respondents):

- Reading reviews, comments, feedback: 45%
- Receiving promotional offerings: 44%
- Viewing ads: 30%
- Staying on top of current fashion and product trends: 25%
- Writing reviews, comments, feedback: 22%
- Associating with particular brands or retailers: 20%
- Purchasing products directly via a social media channel: 16%

15.2 Response To Banner Ads

Sizmek (www.sizmek.com) assessed North American Internet user response in 2016 to banner ads as follows:

- Standard banner click-thru-rate (CTR): 0.14%
- Rich media click-thru-rate: 0.21%
- Rich media unique interaction: 1.13%

By sector, response to banner ads was as follows:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Standard Banner CTR</th>
<th>Rich Media CTR</th>
<th>Rich Media Unique</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td>0.24%</td>
<td>0.50%</td>
<td>1.69%</td>
</tr>
<tr>
<td>Automotive</td>
<td>0.15%</td>
<td>0.20%</td>
<td>1.88%</td>
</tr>
<tr>
<td>Careers</td>
<td>0.10%</td>
<td>0.17%</td>
<td>2.07%</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>0.17%</td>
<td>0.19%</td>
<td>3.45%</td>
</tr>
<tr>
<td>Electronics</td>
<td>0.31%</td>
<td>0.43%</td>
<td>1.62%</td>
</tr>
<tr>
<td>News and media</td>
<td>0.16%</td>
<td>0.42%</td>
<td>4.33%</td>
</tr>
<tr>
<td>Restaurants</td>
<td>0.17%</td>
<td>0.22%</td>
<td>6.85%</td>
</tr>
<tr>
<td>Retail</td>
<td>0.20%</td>
<td>0.37%</td>
<td>9.11%</td>
</tr>
<tr>
<td>Technology and Internet</td>
<td>0.13%</td>
<td>0.35%</td>
<td>5.97%</td>
</tr>
</tbody>
</table>
15.3 Ad Blocking

eMarketer (www.emarketer.com) assesses U.S. ad blocking user penetration as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Desktop/Laptop</th>
<th>Smartphone</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11.9%</td>
<td>2.3%</td>
</tr>
<tr>
<td>2015</td>
<td>15.2%</td>
<td>4.0%</td>
</tr>
<tr>
<td>2016</td>
<td>17.7%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2017</td>
<td>20.1%</td>
<td>7.9%</td>
</tr>
<tr>
<td>2018</td>
<td>21.9%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

Note: eMarketer defines an ad blocker as an Internet user of any age who accesses the web at least once per month via any device (including a mobile device) that has an ad blocker enabled.

By generation, ad blocking prevalence is as follows (source: eMarketer):
- Millennials: 41.1%
- Generation Xers: 29.9%
- Baby Boomers: 13.9%

“Ad blockers make up more than one-quarter of Internet users.”

eMarketer, 2/15/17

According to 2017 Adblock Report, by PageFair (https://pagefair.com), 18% of U.S. adults block desktop ads; 1% do so on mobile devices. At year-end 2016, 52 million U.S. desktop users had installed ad block software. By age, Internet users that block ads are as follows:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Female</th>
<th>Male</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-to-24</td>
<td>16%</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>25-to-34</td>
<td>21%</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>35-to-44</td>
<td>16%</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>45-to-54</td>
<td>12%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>55-to-64</td>
<td>12%</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>65 and older</td>
<td>13%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Overall</td>
<td>15%</td>
<td>20%</td>
<td>18%</td>
</tr>
</tbody>
</table>

The primary reasons that Internet users block ads are as follows (percentage of respondents):
- Security: 30%
- Interruption: 29%
- Speed: 16%
• Too many ads: 14%
• Privacy: 6%
• Poor frequency capping: 4%
• Other: 2%

Across all age groups, PageFair found that bachelor’s degree attainment among those that block ads is 45% compared with 30% of the overall adult population. Among 18-to-24 year-olds, these figures are 35% and 11%, respectively.

When faced with an ad block wall, 74% of ad blockers leave the website. By age, those that do so are as follows:
• 18-to-24: 61%
• 25-to-34: 67%
• 35-to-44: 80%
• 45-to-54: 79%
• 55-to-64: 81%
• 65 and older: 79%

_________________________________________________________________

“Specific interruptive ad formats and security concerns are the leading motivations in adblock usage. Adblock users in the U.S. are 1.5 times as likely to have a bachelor’s degree than the average American adult, increasing to 3 times as likely among 18-to-24 year olds. The vast majority of users state that they abandon websites that require them to disable their adblock software.”

2017 Adbock Report
PageFair, 1/17

_________________________________________________________________
16

EMAIL

16.1 Email Spending

Forrester Research (www.forrester.com) estimates annual email marketing spending at $4.4 billion.

One of the most appealing aspects of email marketing is that sending an email is free – marketing costs are essentially related to campaign administration.

A 2016 report by the Data Marketing Association (www.thedma.org) reported that email campaigns have a 122% return-on-investment (ROI). For comparison, direct mail, online display, paid search, and social media marketing have ROIs ranging from 28% to 18%.

“Despite whisperings of its decline in recent years, email remains a growing, go-to channel for marketers.”

eMarketer, 9/12/16

A survey by Yes Lifecycle Marketing (www.yeslifecyclemarketing.com) found that 68% of marketers increased their email promotional budget in 2017. This was the highest increase among all marketing channels.

16.2 Consumer Response To Email

Seventy percent (70%) of adults say they always open emails from their favorite companies, according to Exact Target (www.exacttarget.com). But many consumers find that they get too many emails. According to a survey by MarketingSherpa (www.marketingsherpa.com), however, 61% of consumers like to receive promotional emails weekly; 28% want them more frequently.

A survey by First Insight (www.firstinsight.com) found that 66% of people that receive more than five retailer emails per week feel that they receive too many emails. Among those that receive five or fewer emails, only 21% feel this way.
“Email marketing – a mainstay for grabbing customers’ attention – only works when it is not abused. Research shows that Internet users are most likely to unsubscribe from email lists because they get too many emails in general.”

eMarketer, 2/13/17

When a January 2017 survey by MarketingSherpa asked U.S. adult Internet users why they unsubscribe from email lists, responses were as follows (percentage of respondents):

- Get too many emails in general: 26%
- The emails are not relevant to me: 21%
- Receive too many emails from this company specifically: 19%
- The emails are always trying to sell me something: 19%
- Email content is boring/repetitive/not interesting: 17%
- Don't have time to read the emails: 16%
- Email promotions are the same as received in print form: 13%
- Email too focused on company needs, not customer needs: 11%
- Email does not meet my needs: 10%
- Emails look too cluttered and sloppy: 10%
- Don’t trust email to provide information to make purchase decisions: 10%
- Receive emails that don’t look good on smartphone: 7%

### 16.3 Email Features

The 2016 Email Marketing Insights Study, published in 2016 by Email Onacid (www.emailonacid.com), reported on email features used by U.S. marketers as follows (percentage of respondents):

- Dynamic content elements: 53%
- Merge tags for personalization: 46%
- CSS navigation: 27%
- Predictive content technology: 26%
- In-email advertising: 24%
- HTML 5 video: 22%
- Carousel hero images: 20%
- Live social media feeds: 18%
The 2016 Contextual Email Marketing Report, by Liveclicker (www.realtime.email) reported video formats used by marketers using email with embedded video, as follows (percentage of respondents):

- Animated: 46%
- Full-screen, two clicks for playback: 33%
- Full-screen, one click for playback: 11%
- Inline: 8%
- Static image of video that clicks through to landing page: 2%

### 16.4 Factors Influencing Email Open Rate

A survey by Campaigner (www.campaigner.com) asked U.S. Internet users the primary influence for reading promotional emails. Responses were as follows (percentage of respondents):

- Familiarity of sender name: 24%
- Email subject line: 16%
- It depends on my email reading device: 10%
- Email body length: 6%
- Awareness of a deal or promotion: 6%

Blue Hornet Networks (www.bluehornet.com) reported consumers are most likely to open the following types of emails (percentage of respondents):

- Emails from brands whose products I often purchase online: 70%
- Emails from brands whose products I often purchase in-store: 70%
- Emails from brands that I don't usually purchase from, but I like to get inspiration from their styles and products: 18%
- Emails that contain news and content, not specifically product-related: 16%

People typically scan the subject lines in their inbox before deciding what messages are worth their time and attention. A study of 24 million emails by MailChimp (http://mailchimp.com) looked at response rates for various subject lines. The metric of assessment was the standard deviation from the mean open rate for a user/list. Words with positive impacts resulted in increased open rates, and words with negative impacts hurt those same rates. The following is a summary of findings:

**Name Personalization**

Though the use of both first and last names in a subject line is less common than the use of either alone, it has the largest positive impact on open rates. The impact of name personalization on open rate in standard deviations is as follows:

- First and last name: 0.33
- Last name only: 0.17
- First name only: 0.09
Free vs. Freebie

While including “free” in the subject line entices potential readers to open the message, use of the word “freebie” was found to result in a much larger increase in open rates. The impact of these words on open rate in standard deviations is as follows:

- Freebie: 0.26
- Free: 0.02

Words That Imply Time Sensitivity

Attention-grabbing words like “urgent” and “important” result in open rates that are much higher than normal. The impact of these words on open rate in standard deviations is as follows:

- Urgent: 0.79
- Breaking: 0.68
- Important: 0.55
- Alert: 0.31

Announcements, Invitations and Cancellations

Recipients are much more intrigued by announcements and event invitations than cancellations and reminders. The impact of these words on open rate in standard deviations is as follows:

- Announcement: 0.46
- Invitation: 0.34
- Invited: 0.34
- Announcing: 0.32
- Invite: 0.28
- Invites: 0.28
- Announced: 0.26
- Announces: 0.21
- Announce: 0.21
- Reminders: 0.12
- Announcements: 0.10
- Reminder: -0.29
- Cancelled: -0.40

Words Associated with Charity

Words related to charitable actions and donations had a generally negative impact on open rates. The impact of words associated with charity on open rate in standard deviations is as follows:

- Helping: 10.12
- Fundraising: 0.13
- Raffle: -0.14
- Fundraiser: -0.17
- Charity: -0.18
- Donate: -0.56
Word Choice

Retention Science (www.retentionscience.com) reported email open rates by subject line length as follows:
- 1 or 2 words: 25%
- 3-to-5 words: 17%
- 6-to-10 words: 13%
- 12-to-14 words: 8%

Frequently used word pairs often have significant impacts on open rates. Sometimes two words can provide context that a single word can’t convey. The impact of word pairs on open rate in standard deviations is as follows:
- Thank you: 0.57
- Supreme Court: 0.51
- Appeals Court: 0.32
- Sneak peek: 0.08
- Sign up: -0.18
- Breast cancer: -0.27
- Last chance: -0.45

A survey by Howling Mad (www.howlingmad.com) found marketers split-test email campaign subject lines as follows (percentage of respondents):
- All campaigns: 7%
- Most campaigns: 21%
- A few campaigns: 49%
- Never: 22%

“All email marketers want opens, clicks, and conversions, but to get there they need something to draw in readers – that’s were subject lines come in.”

emarketer

16.5 Personalization

A survey by Listrak (www.listrak.com) found attitudes toward retail email as follows:
• Find it useful when a retailer sends me emails featuring recommended products based on what I’ve previously purchased: 80%
• Find it useful when a retailer sends me emails based on what I’ve looked at online, but not purchased: 71%
• Like it when retailers personalize my emails by using my name in the subject line or the body of the email: 68%

IBM (www.ibm.com) found that 71% of consumers are more likely to make a purchase if an email from a retailer or brand has been tailored to them based on their likes and preferences following previous shopping behavior.

A report by Yes Lifecycle Marketing suggested the following ways that marketers can make each email personal for each individual:
• Consider personalizing emails when the reader opens them rather than solely based on past behaviors or when the email is sent. Discount countdown clocks, live social feeds, and changing hero images can all be optimized at the moment reader opens an email.
• The elements that a marketer uses depends on the device. It’s important to recognize when and where the customer will receive a message to determine the approach with personalized content.
• An effective way to personalize an email is by using predictive analytics. With that, marketers can embed the right calls-to-action, make videos more personal, and even tailor the right frequency of emails for each person. Even frequency is a form of personalization, so it’s important to recognize how often a person wants to communicate with you.
• Email marketers should consider location as they personalize their messages, and match the culture, look, and feel of a reader’s location.

16.6 Day- and Time-Of-Delivery Effectiveness

Responses to promotional emails vary with the day and time of delivery. The following is a summary of studies that shows response variations.

Based on analysis of 7 billion emails deployed in 2016, Yesmail (www.yesmail.com) assessed marketing email effectiveness as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Email volume:</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
<td>20.0%</td>
<td>14.0%</td>
<td>11.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Open rate:</td>
<td>13.5%</td>
<td>13.8%</td>
<td>13.9%</td>
<td>16.0%</td>
<td>13.1%</td>
<td>13.7%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Unique click rate:</td>
<td>1.4%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>2.0%</td>
<td>1.2%</td>
<td>1.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Click-to-open rate:</td>
<td>10.4%</td>
<td>9.5%</td>
<td>9.6%</td>
<td>12.0%</td>
<td>9.2%</td>
<td>7.8%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Conversion rate:</td>
<td>2.3%</td>
<td>2.9%</td>
<td>2.6%</td>
<td>2.3%</td>
<td>3.1%</td>
<td>4.6%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

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Experian CheetahMail (www.experian.com/cheetahmail.com) reports the following day-of-week analytics:

<table>
<thead>
<tr>
<th>Day</th>
<th>Unique Open Rate</th>
<th>Unique Click Rate</th>
<th>Transaction Rate</th>
<th>Revenue Per Email</th>
<th>Average Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
<td>17.3%</td>
<td>2.5%</td>
<td>0.08%</td>
<td>$0.11</td>
<td>$186</td>
</tr>
<tr>
<td>Tuesday</td>
<td>17.9%</td>
<td>2.5%</td>
<td>0.07%</td>
<td>$0.10</td>
<td>$193</td>
</tr>
<tr>
<td>Wednesday</td>
<td>17.2%</td>
<td>2.2%</td>
<td>0.07%</td>
<td>$0.09</td>
<td>$181</td>
</tr>
<tr>
<td>Thursday</td>
<td>17.3%</td>
<td>2.3%</td>
<td>0.07%</td>
<td>$0.09</td>
<td>$184</td>
</tr>
<tr>
<td>Friday</td>
<td>16.9%</td>
<td>2.2%</td>
<td>0.07%</td>
<td>$0.10</td>
<td>$187</td>
</tr>
<tr>
<td>Saturday</td>
<td>18.3%</td>
<td>2.5%</td>
<td>0.09%</td>
<td>$0.12</td>
<td>$201</td>
</tr>
<tr>
<td>Sunday</td>
<td>17.5%</td>
<td>2.7%</td>
<td>0.09%</td>
<td>$0.13</td>
<td>$174</td>
</tr>
</tbody>
</table>

An assessment by Docstoc (www.docstoc.com) reported the following open rate (OR) and click-through rate (CTR):

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Pct. of Emails</th>
<th>OR</th>
<th>CTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 a.m. to 6 a.m.</td>
<td>5.9%</td>
<td>6.3%</td>
<td>2.2%</td>
</tr>
<tr>
<td>6 a.m. to 12: p.m.</td>
<td>38.7%</td>
<td>7.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>12 p.m. to 6 p.m.</td>
<td>25.8%</td>
<td>10.6%</td>
<td>2.2%</td>
</tr>
<tr>
<td>6 p.m. to 12: a.m.</td>
<td>29.6%</td>
<td>8.3%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

MailerMailer (www.mailermailer.com) provides the following assessment:

- Open rates fluctuate marginally throughout the week, with Sundays, Tuesdays, and Fridays generating the highest open rates.
- Email messages that are scheduled to be delivered between 1:00 a.m. and 5:00 a.m. can expect higher volumes of email opens and clicks. Emails delivered between 6:00 p.m. and 7:00 p.m. also experience a considerable jump in their open and click rates. There is a notable drop off during the middle of the day in which email opens and clicks tend to be stagnant for several hours.

According to SimpleRelevance (www.simplerelevance.com), most consumers have limited windows of time allocated for responding to emails. While people open email several times throughout the day, 62% only click through to a commercial website during one single hour per day. Email use varies by gender and income as follows:

- Men tend to open email an average of eight time-periods throughout the day, while women average seven.
- Men click more frequently in the early morning, 4:00 a.m. until 9:00 a.m., while womenclick more frequently in the afternoon to evening, 10:00 a.m. until 9:00 p.m.
- For all hours in which men and women open their email, 57% of men and 66% of women prefer one single hour per day in which they actually click through. Twenty-two percent (22%) of men and 19% of women have two one-hour time-periods per day to click through an email.
- People earning $150,000 or more are more likely to click in the early morning from 5:00 a.m. until 8:00 a.m., while people earning $75,000 or less are more active from 9:00 a.m. until 8:00 p.m.
“In everyday life, most people don’t want to be bothered late at night. But the opposite seems to be true when it comes to email.”

eMarketer

16.7 Email Marketing Services

Email marketing services provide campaign management, database management, analytics, reporting, and tracking.

The following are website links for major email marketing services providers:

- Acxiom Corp. (www.acxiom.com)
- Anchor Computer (www.anchorcomputer.com)
- Applied Information Group (www.appliedinfogroup.com)
- Arial Software (www.arialsoftware.com)
- AWeber Communications (www.aweber.com)
- Blue Hornet Networks (www.bluehornet.com)
- Boomerang (www.boomerang.com)
- Bridgeline Digital (www.bridgeline digital.com)
- Bronto Software (www.bronto.com)
- Campaigner Email Marketing (www.campaigner.com)
- Concep (www.concep.com)
- Constant Contact (www.constantcontact.com)
- Dyn (http://dyn.com)
- EchoMail Inc. (www.echomail.com)
- Email Answers (www.emailanswers.com)
- Ennect (www.ennect.com)
- Epsilon (www.epsilon.com)
- Experian CheetahMail (www.experian.com/marketing-services/cheetahmail.html)
- FreshAddress (www.freshaddress.com)
- GetResponse (www.getresponse.com)
- Global IntelliSystems (www.gliq.com)
- GreenRope (www.greenrope.com)
- IBM Enterprise Management (http://www-01.ibm.com/software/marketing-solutions/email-marketing-solution)
- iContact (www.icontact.com)
- IMN Inc. (www.imninc.com)
- Infogroup (www.infogrouplistservices.com)
- iPost (www.ipost.com)
• Lift Network (www.liftmysales.com)
• Listrak Inc. (www.listrak.com)
• MailChimp (http://mailchimp.com)
• Merkle (www.merkleinc.com)
• Message Systems (www.messagesystems.com)
• Net Atlantic (www.netatlantic.com)
• NetProspex, a Dun & Bradstreet company (www.netprospex.com)
• PulsePoint (www.pulsepoint.com)
• Puresend (www.puresend.com)
• Reach Marketing (www.reachmarketing.com)
• Real Magnet (www.realmagnet.com)
• Return Path (www.returnpath.com)
• Sailthru (www.sailthru.com)
• Savicom (www.savicom.net)
• SDL International (www.sdl.com)
• Socket Labs (www.socketlabs.com)
• SourceLink (www.sourcelink.com)
• StreamSend Email Marketing (www.streamsend.com)
• SubscriberMail (wwwsubscribermail.com)
• TailoredMail (www.tailoredmail.com)
• Topica (www.topica.com)
• VerticalResponse (www.verticalresponse.com)
• WhatCounts (www.whatcounts.com)
• Xert Communications (www.xert.com)
• Xtenit (http://xtenit.com)
• Yesmail (www.yesmail.com)

16.8 Market Resources
DMA Email Experience Council, 1333 Broadway, Suite 301, New York, NY 10018. (202) 861-2429. (www.emailexperience.org)

Email Insider, MediaPost Communications, 1460 Broadway, New York, NY 10036. (212) 204-2000. (www.mediapost.com/publications/email-insider/)
17

MOBILE MARKETING

17.1 Market Assessment

According to eMarketer (www.emarketer.com), U.S. mobile advertising spending has been, and is forecast, as follows (change from previous year in parenthesis):

- 2015: $31.69 billion (65.5%)
- 2016: $45.95 billion (45.0%)
- 2017: $57.44 billion (25.0%)
- 2018: $68.93 billion (20.0%)
- 2019: $77.89 billion (13.0%)
- 2020: $86.84 billion (11.5%)

By format, mobile ad spending is assessed by eMarketer as follows (in billions):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Search:</td>
<td>$14.17</td>
<td>$20.28</td>
<td>$25.06</td>
<td>$29.87</td>
<td>$33.60</td>
</tr>
<tr>
<td>Display*:</td>
<td>$13.29</td>
<td>$19.14</td>
<td>$23.75</td>
<td>$28.36</td>
<td>$31.98</td>
</tr>
<tr>
<td>Video:</td>
<td>$ 2.89</td>
<td>$ 4.47</td>
<td>$ 5.87</td>
<td>$ 7.11</td>
<td>$ 8.11</td>
</tr>
<tr>
<td>Messaging**:</td>
<td>0.27</td>
<td>0.29</td>
<td>0.29</td>
<td>0.29</td>
<td>0.28</td>
</tr>
<tr>
<td>Other***:</td>
<td>1.06</td>
<td>1.78</td>
<td>2.47</td>
<td>3.30</td>
<td>3.93</td>
</tr>
</tbody>
</table>

* Other than video; includes banners, rich media, and sponsorship
** SMS/MMS/P2P
*** Classifieds, email, and lead generation

17.2 Market Leaders

eMarketer assesses U.S. mobile ad revenues by company as follows (in billions):

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Google:</td>
<td>$10.02 billion</td>
<td>$14.69 billion</td>
<td>$18.89 billion</td>
</tr>
<tr>
<td>Facebook:</td>
<td>$ 6.18 billion</td>
<td>$10.14 billion</td>
<td>$13.37 billion</td>
</tr>
<tr>
<td>Twitter:</td>
<td>$ 1.12 billion</td>
<td>$ 1.18 billion</td>
<td>$ 1.25 billion</td>
</tr>
<tr>
<td>Yahoo!:</td>
<td>$ 879 million</td>
<td>$ 1.07 billion</td>
<td>$ 1.24 billion</td>
</tr>
<tr>
<td>Pandora:</td>
<td>$ 723 million</td>
<td>$ 847 million</td>
<td>$ 986 million</td>
</tr>
<tr>
<td>YP:</td>
<td>$ 638 million</td>
<td>$ 766 million</td>
<td>$ 896 million</td>
</tr>
<tr>
<td>Snapchat:</td>
<td>$ 58 million</td>
<td>$ 348 million</td>
<td>$ 804 million</td>
</tr>
<tr>
<td>Yelp:</td>
<td>$ 211 million</td>
<td>$ 272 million</td>
<td>$ 331 million</td>
</tr>
</tbody>
</table>
• LinkedIn: $151 million $206 million $252 million $308 million
• Amazon: $106 million $189 million $258 million $398 million
• All others: $11.60 billion $16.24 billion $19.16 billion $21.67 billion

17.3 Mobile Marketing Agencies

According to Advertising Age (May 2017), the following are the ad agencies with the highest mobile marketing revenue (parent companies or networks also given):

• Epsilon (Alliance Data Systems): $227 million
• DigitasLBi (Publicis): $139 million
• SapientNitro (Sapient Corp.): $131 million
• PwC Digital Services: $128 million
• R/GA (Interpublic): $105 million

17.4 Mobile Marketing Tactics

The 2016 State Of Marketing, by Salesforce (www.salesforce.com), reported use of mobile marketing tactics as follows (percentage of respondents):

• Mobile apps: 54%
• SMS: 51%
• Push notifications: 45%
• Location-based mobile tracking: 44%

17.5 Mobile Banner Ads

There are three general types of mobile banner ads, as follows:

Expandable Banner
• The expandable banner expands beyond the confines of the traditional banner. Multiple flash panels can be launched by a click, roll-over, or auto-initiation.

Polite Banner
• The polite banner is a flash-enabled banner that uses “polite” sequential downloading and proprietary compression technology to allow extra large file sizes to fit within standard publisher specs.

Standard Banner
• The standard banner does not support interactions or banner expansion.

Mobile Performance Benchmarks, by DG MediaMind (www.mediamind.com), assessed the relative performance of mobile ad formats, analyzing more than one billion impressions across more than one thousand mobile campaigns. The study reported click-through rates (CTRs) as follows:
• Expandable banners: 0.63%
• Polite banners: 0.28%
• Standard banners: 0.09%

Within expandable banners, the verticals that generated the highest user expansions were entertainment (9.0%), electronics (8.9%), and automotive (5.5%).

17.6 Mobile Shopping Apps

With usage of mobile devices steadily increasing among consumers, more retailers are integrating mobile technologies with the store experience to accommodate the wired and always-connected lifestyle. Mobile apps send alerts to smartphones announcing special deals, wish lists can be synched from a customer’s device to a store’s handheld unit or computer, and checkout is made speedier when a customer pays instantly via mobile cashier.

These in-store mobile efforts are helping retailers to combat showrooming, which is when a customer visits a store to see and touch a product but browses online – sometimes while still in the store – for a better deal.

The following are examples of mobile shopping apps used by retailers:

Geolocation
• Customers accepting a retailer’s invitation to receive mobile alerts receive texts or other messaging announcing a special sale or deal once they are within a certain area designated by the store. For example, if a customer comes within 5 miles of a particular store during a rainstorm, he or she may get an alert about umbrellas or rain boots.
• Foursquare and other mobile services track shoppers’ location and offer coupons or promotional deals at nearby stores.

Mobile-specific Deals
• L.L. Bean and Target have made available mobile-only deals or experiences, including access for customers to scan an in-store QR code to make a purchase or have an item delivered.
• Some mall-based retailers post ads at their storefront that shoppers can scan for coupons.
• Shopkick gives mobile shoppers points toward gift cards. Participating stores include Best Buy, Macy’s, and Target.
• Chains have launched apps offering customers gift cards in exchange for permission to share data about their purchases.

Store Navigation
• Several big-box retailers like Walmart and Home Depot have navigation apps that help customers find departments and items inside their stores. Store layouts, aisle numbers locating specific items, and mapped shopping lists are a few of the
features of some of the apps. In-store location services like Meridian and Indoor Atlas track shoppers’ paths and promote coupons for nearby items.

**Tablet-assisted Shopping**

- PacSun and Guess have installed iPads in some stores and allow customers to browse through “look books,” check in-store inventory, and even to make purchases. An Aéropostale store installed iPads in fitting rooms so customers could choose their own music while trying on clothes. The store also has kiosks throughout offering style guides. In select Target stores, iPads are on hand to help employees in the beauty department assist customers with brands and advice.

**Wi-Fi**

- Retailers have added Wi-Fi in their stores to provide mobile access to customers who may have a smart device but not a mobile connection. This connectivity allows customers to log on and engage with a store’s mobile platform as well as gives access to merchandise and product information.

### 17.7 Beacon-Based Location Tracking

*The State Of Retail 2017*, by TimeTrade ([www.timetrade.com](http://www.timetrade.com)), reported the following about adults’ attitude toward retailers using beacons to monitor their in-store behavior (percentage of respondents):

- Don’t mind if it ends up benefitting me as a customer: 49%
- Don’t matter to me: 17%
- I don’t like it: 34%

Among marketers that use beacons, a survey by the Local Search Association ([www.thelsa.org](http://www.thelsa.org)) found objectives as follows (percentage of respondents):

- Analytics: 76%
- Proximity ad networks: 39%
- Online retargeting: 24%
- Data monetization: 11%

### 17.8 Market Resources

Mobile Marketing Association, 41 East 11 Street, 11th Floor, New York, NY 10003. (646) 257-4515. ([www.mmaglobal.com](http://www.mmaglobal.com))

18

SEARCH

18.1 Organic Vs. Paid Search

There are two categories of search: organic search (i.e., listings on search engine results pages that appear because of their relevance to the search terms) and paid search (i.e., listings that are paid based on number of clicks on search engines). Paid search is also referred to as pay-per-click advertising.

Comparing organic search with paid search, a study by Experian Marketing Services (www.experian.com/marketing-services/marketing-services.html) reported search traffic distributed as follows:

<table>
<thead>
<tr>
<th></th>
<th>Organic</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print media</td>
<td>99%</td>
<td>1%</td>
</tr>
<tr>
<td>Multimedia entertainment</td>
<td>96%</td>
<td>4%</td>
</tr>
<tr>
<td>Retail</td>
<td>87%</td>
<td>13%</td>
</tr>
<tr>
<td>Banking</td>
<td>87%</td>
<td>13%</td>
</tr>
<tr>
<td>Travel</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>Shopping and classified</td>
<td>64%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Experian reported that search engines deliver 41% of all website traffic for the 1,000 largest retailers.

Marketers use separate strategies for the two types of search. Search engine optimization (SEO) is deployed to gain placement of listings near the top of search engine results pages. Search engine marketing (SEM) is the method of gaining traffic by purchasing ads on search engines.

18.2 Market Assessment

eMarketer assesses search ad spending as follows (change from prior year in parenthesis):

- 2015: $14.17 billion (16.4%)
- 2016: $20.28 billion (15.4%)
- 2017: $25.06 billion (12.5%)
- 2018: $29.87 billion (12.6%)
- 2019: $33.60 billion (11.1%)
- 2020: $37.43 billion (9.6%)
By company, U.S. search ad revenues are as follows (change from prior year in parenthesis):

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Google:</td>
<td>$20.47 bill</td>
<td>$24.77 bill</td>
<td>$28.67 bill</td>
<td>$32.54 bill</td>
</tr>
<tr>
<td>Microsoft:</td>
<td>$ 2.42 bill</td>
<td>$ 2.77 bill</td>
<td>$ 3.11 bill</td>
<td>$ 3.38 bill</td>
</tr>
<tr>
<td>Yahoo!:</td>
<td>$ 1.25 bill</td>
<td>$ 1.03 bill</td>
<td>$ 1.04 bill</td>
<td>$ 1.06 bill</td>
</tr>
<tr>
<td>Yelp:</td>
<td>$ 0.44 bill</td>
<td>$ 0.59 bill</td>
<td>$ 0.71 bill</td>
<td>$ 0.85 bill</td>
</tr>
<tr>
<td>IAC:</td>
<td>$ 0.73 bill</td>
<td>$ 0.55 bill</td>
<td>$ 0.54 bill</td>
<td>$ 0.55 bill</td>
</tr>
<tr>
<td>Amazon:</td>
<td>$ 0.18 bill</td>
<td>$ 0.24 bill</td>
<td>$ 0.26 bill</td>
<td>$ 0.28 bill</td>
</tr>
<tr>
<td>Verizon (AOL):</td>
<td>$ 0.21 bill</td>
<td>$ 0.21 bill</td>
<td>$ 0.21 bill</td>
<td>$ 0.21 bill</td>
</tr>
</tbody>
</table>

18.3 Search Agencies

According to Advertising Age (May 2017), the following are the ad agencies with the highest annual search revenue (parent companies or networks also given):

- Performics (Publicis): $180.2 million
- iProspect (Dentsu): $126.1 million
- iCrossing (Hearst Corp.): $123.9 million
- GroupM (WPP): $112.5 million
- Merkle: $106.5 million

18.4 Top Advertisers

According to Advertising Age (July 2017), the top search marketing advertisers, ranked by annual spending, are as follows:

- Expedia: $438.5 million
- Amazon: $335.2 million
- Priceline: $268.9 million
- IAC/InterActive Corp.: $155.9 million
- AT&T: $129.7 million
- American Express: $120.0 million
- Comcast: $112.5 million
- JPMorgan Chase: $ 99.6 million
- Berkshire Hathaway: $ 95.0 million
- Liberty/Trip Advisor: $ 87.5 million

18.5 Paid Search

The basic paid search strategy is to bid on a cost-per-click basis – using Google’s AdWords or similar search engine program – to secure a top paid listing from a term or phrase consumers logically would use to find a product or service.
Paid search listings are attractive to marketers because charges are only incurred when users click on ads. As a result, effectiveness and return on investment are easily assessed.
eMarketer (www.emarketer.com) assesses search ad spending by platform as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Desktop</th>
<th>Mobile</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$14.3 billion</td>
<td>$ 8.7 billion</td>
<td>$23.0 billion</td>
</tr>
<tr>
<td>2015</td>
<td>$12.8 billion</td>
<td>$12.8 billion</td>
<td>$25.6 billion</td>
</tr>
<tr>
<td>2016</td>
<td>$10.6 billion</td>
<td>$17.9 billion</td>
<td>$28.5 billion</td>
</tr>
<tr>
<td>2017</td>
<td>$ 9.1 billion</td>
<td>$21.3 billion</td>
<td>$30.4 billion</td>
</tr>
</tbody>
</table>

In a survey by Kenshoo (www.kenshoo.com), 69% of search marketing professionals rated the performance of Google’s Product Listing Ads (PLAs) at least slightly better than paid search. Sixty-two percent (62%) of marketers said they had shifted part of their budget from existing paid search to PLAs.

18.6 Local Search
BIA/Kelsey (www.biakelsey.com) assesses the distribution of local searches performed on desktops/laptops and on mobile devices (i.e. smartphones and tablets) as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Desktop</th>
<th>Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>54.9 billion</td>
<td>19.7 billion</td>
</tr>
<tr>
<td>2012</td>
<td>61.6 billion</td>
<td>30.7 billion</td>
</tr>
<tr>
<td>2013</td>
<td>69.2 billion</td>
<td>46.0 billion</td>
</tr>
<tr>
<td>2014</td>
<td>65.6 billion</td>
<td>66.5 billion</td>
</tr>
<tr>
<td>2015</td>
<td>64.6 billion</td>
<td>81.8 billion</td>
</tr>
<tr>
<td>2016</td>
<td>63.8 billion</td>
<td>94.7 billion</td>
</tr>
<tr>
<td>2017</td>
<td>63.2 billion</td>
<td>113.2 billion</td>
</tr>
<tr>
<td>2018</td>
<td>62.7 billion</td>
<td>127.5 billion</td>
</tr>
<tr>
<td>2019</td>
<td>62.3 billion</td>
<td>141.9 billion</td>
</tr>
</tbody>
</table>

18.7 Market Resources
eMarketer, 11 Times Square, New York, NY 10036. (800) 405-0844. (www.emarketer.com)

Search Engine Marketing Professional Organization (SEMPO), 401 Edgewater Place, Suite 600, Wakefield, MA 01880. (781) 876-8866. (www.sempo.org)

Search Insider, MediaPost Communications, 1140 Broadway, 4th Floor, New York, NY 10001. (212) 204-2000. (www.mediapost.com/publications/search-insider/)
SOCIAL MEDIA MARKETING

19.1 Overview
Pew Research Center’s Internet & American Life Project (www.pewinternet.org) has annually assessed social media use in the U.S. since 2012.

Social Media Update 2016, by Pew, reported social media use at year-end 2016 as follows:

<table>
<thead>
<tr>
<th>Platform</th>
<th>Pct. of Internet Users</th>
<th>Pct. of All Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>79%</td>
<td>68%</td>
</tr>
<tr>
<td>Instagram</td>
<td>32%</td>
<td>28%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>31%</td>
<td>26%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>29%</td>
<td>25%</td>
</tr>
<tr>
<td>Twitter</td>
<td>24%</td>
<td>21%</td>
</tr>
</tbody>
</table>

19.2 Social Media Ad Spending
eMarketer assesses U.S. social network ad revenues as follows (change from prior year in parenthesis):

- 2015: $10.87 billion (48.6%)
- 2016: $15.36 billion (41.3%)
- 2017: $19.31 billion (15.8%)
- 2018: $23.46 billion (21.5%)

Ad spending by social platform is assessed as follows (change from prior year in parenthesis):

**Facebook**
- 2015: $ 8.03 billion (51.9%)
- 2016: $11.93 billion (48.6%)
- 2017: $15.19 billion (27.3%)
- 2018: $18.57 billion (22.2%)

**Twitter**
- 2015: $ 1.28 billion (54.6%)
- 2016: $ 1.34 billion (4.8%)
- 2017: $ 1.40 billion (4.9%)
- 2018: $ 1.47 billion (4.6%)
LinkedIn
• 2015: $ 609 million (35.4%)
• 2016: $ 731 million (19.9%)
• 2017: $ 808 million (10.5%)
• 2018: $ 911 million (12.9%)

Snapchat
• 2015: $ 58 million (n/a)
• 2016: $ 348 million (500.1%)
• 2017: $ 804 million (130.9%)
• 2018: $ 1.32 billion (64.1%)

Social media ad spending per social network user is assessed as follows:
• 2015: $ 60.35
• 2016: $ 82.67
• 2017: $101.04
• 2018: $119.51

19.3 Social Media Marketing Tactics
In a survey by Forrester Research (www.forrester.com), U.S. advertisers who spend at least $100,000 annually on social media marketing reported marketing tactics on social media channels as follows (percentage of respondents):
• We create branded social network pages and post messages on those pages: 73%
• We buy social network ads: 56%
• We create branded accounts (microblogs) and post messages to these accounts: 52%
• We pay to promote content (social networks): 51%
• We create branded tabs on social networks: 40%
• We create branded apps: 38%
• We pay to promote content (microblogs): 37%

19.4 Social Media Posts
The Best Times To Post On Social Media, published in October 2016 by TrackMaven (www.trackmaven.com), recommends the best day of week and time to post content on the following social media platforms:

<table>
<thead>
<tr>
<th>Social Media</th>
<th>Day of Week</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>Thursday</td>
<td>8:00 p.m.</td>
</tr>
<tr>
<td>Instagram</td>
<td>Friday</td>
<td>7:00 p.m.</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>Wednesday</td>
<td>9:00 p.m.</td>
</tr>
<tr>
<td>Pinterest</td>
<td>Friday</td>
<td>1:00 a.m.</td>
</tr>
<tr>
<td>Twitter</td>
<td>Thursday</td>
<td>5:00 p.m.</td>
</tr>
</tbody>
</table>
Fannit Marketing Services (www.fannit.com) recommends the following as optimal times for social media posts:

**Blogs**
- Best times to post are Monday, Friday and Saturday at 11:00 a.m
- Worst times to post are 11:00 p.m. to 8:00 a.m.

**Facebook**
- Best times to post are weekdays, 6:00 a.m. to 8:00 a.m. and 2:00 p.m. to 5:00 p.m.
- Worst times to post are all weekends, 10:00 p.m. to 4:00 a.m.

**LinkedIn**
- Best times to post are 7:00 a.m. to 8:30 p.m. and 5:00 p.m. to 6:00 p.m.
- Worst times are Monday and Friday from 9:00 a.m. to 5:00 p.m.

**Pinterest**
- Best times to post are on Saturday from 2:00 p.m. to 4:00 p.m. and 8:00 p.m. to 11:00 p.m.
- Worst times to post are 5:00 p.m. to 7:00 pm, and 1:00 a.m. to 7:00 a.m.

**Twitter**
- Best times to post are weekends from 1:00 p.m. to 3:00 p.m.
- Worst times to post are 8:00 p.m. to 8:00 a.m.
- Engagement goes up 30% on weekends compared to weekdays.

---

“One should post social media updates when the audience has the highest chance of seeing them, not whenever you think of it or happen to have a free minute. If you aren’t posting to a social media site when most of your audience members are on it, all the time spent crafting the update goes to waste.”

Center for Media Research
*Research Brief*
19.5 Challenges In Social Media Marketing

The 2016 State Of Social Marketing Report, by Simply Measured (www.simplymeasured.com), reported the top challenges faced by social media marketers as follows (percentage of respondents):

- Measuring ROI: 61%
- Securing budget and resources: 38%
- Tying social to business goals: 34%
- Tracking results in a centralized dashboard: 28%
- Understanding performance across social channels: 25%
- Developing social marketing strategy: 25%
- Publishing content: 18%
- Integrating social tools: 13%
- Monitoring competition: 12%

19.6 Market Resources

The Social Graf, MediaPost Communications, 1140 Broadway, 4th Floor, New York, NY 10001. (212) 204-2000. (www.mediapost.com/publications/the-social-graf/)
20.1 Market Assessment

According to eMarketer (www.emarketer.com), U.S. digital video ad spending has been, and is projected, as follows (change from previous year in parenthesis):

<table>
<thead>
<tr>
<th>Year</th>
<th>Desktop</th>
<th>Mobile</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$4.79 billion (29.4%)</td>
<td>$2.89 billion (88.0%)</td>
<td>$7.68 billion (46.6%)</td>
</tr>
<tr>
<td>2016</td>
<td>$5.84 billion (21.9%)</td>
<td>$4.47 billion (54.5%)</td>
<td>$10.30 billion (34.1%)</td>
</tr>
<tr>
<td>2017</td>
<td>$6.68 billion (14.5%)</td>
<td>$5.87 billion (31.4%)</td>
<td>$12.55 billion (21.8%)</td>
</tr>
<tr>
<td>2018</td>
<td>$7.29 billion (9.1%)</td>
<td>$7.11 billion (21.2%)</td>
<td>$14.40 billion (14.7%)</td>
</tr>
<tr>
<td>2019</td>
<td>$8.18 billion (12.2%)</td>
<td>$8.11 billion (14.1%)</td>
<td>$16.29 billion (13.1%)</td>
</tr>
<tr>
<td>2020</td>
<td>$8.88 billion (8.5%)</td>
<td>$9.08 billion (11.9%)</td>
<td>$17.95 billion (10.2%)</td>
</tr>
</tbody>
</table>

20.2 Platforms For Video Ad Placement

The Video Advertising Report, published in 2016 by Advertiser Perceptions (www.advertiserperceptions.com), reported brands that marketers use for digital video advertising as follows (percentage of respondents):

- Google/YouTube: 72%
- Facebook: 46%
- Hulu: 38%
- ABC: 32%
- Yahoo!: 29%
- ESPN: 25%
- Twitter: 25%
- NBC: 24%
- A&E: 21%
- CNN: 19%
- iAd: 19%

“Even though Facebook and others are strong contenders in the video space, YouTube remains the go-to platform for roughly three-quarters of brands that do digital video advertising.”

eMarketer, 6/20/16
20.3 Video Ad CPM
Credit Suisse (www.creditsuisse.com) assesses the U.S. video ad cost per thousand views (CPM) for indirect placements, midtier sites, and premium destinations as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Indirect</th>
<th>Midtier</th>
<th>Premium</th>
<th>Avg. CPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$16.10</td>
<td>$25.00</td>
<td>$45.00</td>
<td>$26.90</td>
</tr>
<tr>
<td>2011</td>
<td>$16.90</td>
<td>$25.00</td>
<td>$40.50</td>
<td>$26.00</td>
</tr>
<tr>
<td>2012</td>
<td>$17.80</td>
<td>$25.00</td>
<td>$36.50</td>
<td>$25.30</td>
</tr>
<tr>
<td>2013</td>
<td>$18.60</td>
<td>$25.00</td>
<td>$32.80</td>
<td>$24.60</td>
</tr>
<tr>
<td>2014</td>
<td>$19.60</td>
<td>$25.00</td>
<td>$31.20</td>
<td>$24.45</td>
</tr>
<tr>
<td>2015</td>
<td>$20.50</td>
<td>$25.00</td>
<td>$31.20</td>
<td>$24.80</td>
</tr>
<tr>
<td>2016</td>
<td>$21.60</td>
<td>$25.00</td>
<td>$31.20</td>
<td>$25.30</td>
</tr>
<tr>
<td>2017</td>
<td>$22.70</td>
<td>$25.00</td>
<td>$31.20</td>
<td>$25.80</td>
</tr>
</tbody>
</table>

20.4 Video Ad Engagement
Consumers are 27 times more likely to click through online video ads than standard banners, according to Media Mind (www.mediamind.com).

According to a report from Unruly (www.unrulymedia.com), online video viewers are almost three times more likely to click through to a brand’s website from their smartphone or tablet than from their laptop or desktop computer. The average click through rate (CTR) for mobile campaigns is 13.6%, compared with 5.4% for desktop.

Nielsen (www.nielsen.com) reports that native online video ads can generate an 82% brand lift.

20.5 Video Ad Completion Rates
The Video Monetization Report, published in 2016 by FreeWheel (www.freewheel.tv), reported digital video ad completion rates as follows:

**Device**
- Over-the-top device: 93%
- Tablet: 85%
- Desktop: 84%
- Smartphone: 78%

**Duration**
- Live: 95%
- Long: 94%
- Mid: 80%
- Short: 71%
TubeMogul (www.tubemogul.com) reported digital video ad completion rates in 2016 as follows:
- Connected TV: 95%
- Pre-roll: 72%
- Mobile: 64%

20.6 Mobile Video
Mobile video ad spending increased 54% in 2016 and is projected to increase 31% and 21%, respectively, in 2017 and 2018, according to eMarketer.
A survey by Teads (www.teads.tv) found reasons that brand marketers are increasing mobile video advertising spending as follows (percentage of respondents):
- Increase brand awareness: 44%
- Reach more targeted audiences: 34%
- Increase favorability of brand: 26%
- Increase intent to purchase: 25%
- Drive consumers to purchase digitally: 22%
- Drive consumers to purchase in-store: 18%
- Extend the reach of digital campaigns: 14%
- Increase the frequency of digital campaigns: 12%
- Extend the frequency of TV campaigns: 11%
- Extend the reach of TV campaigns: 8%

20.7 Assessing Effectiveness
An October 2016 survey by Eyeview (www.eyeviewdigital.com) asked brand marketers how they measure digital video ad performance. Responses were as follows (percentage of respondents):
- Site traffic: 71%
- ROI: 52%
- Store traffic: 49%
- Cost per acquisition, order, or sale: 40%
- Brand metrics: 30%
- Return on ad sales/sales lift per dollar spent: 29%
“When asked [by Eyeview] how would they want to measure it in the next year or two, site traffic was still the top measurement mentioned. One of the biggest differences was that nearly two-thirds of brand marketers said they would want to measure digital video ad performance by the cost per acquisition, order, or sale. Only 40% of respondents said they do just that today.”

eMarketer, 11/14/16

20.8 Market Resources
Video Advertising Bureau, 830 3rd Avenue, 2nd Floor, New York, NY 10022. (212) 508-1200. (www.thevab.org)

Web Video Marketing Council, 17 Colonial Road, Dover, MA 02030. (508) 686-2802. (www.webvideomarketing.org)
21.1 Market Assessment
Digital place-based (DPB) advertising is thought to be the fastest-growing medium after search.

The Digital Place-Based Advertising Association (www.dp-aa.org) estimates that 70% of the teen and adult population, or 181 million people, view digital video displays at various venues each month; 52%, or 135 million people, do so each week.

Annual digital placed-based media revenue is $1.0 billion, according to the Digital Place-Based Advertising Association; spending is increasing at 10% to 12% annually.

According to Prohaska Consulting (www.prohaskaconsulting.com), 30% to 40% of DPB ad sales will be conducted programmatically within three to five years.

“Consumers in the U.S. spend on average 70% of their time outside the home. That factor plus the growth of outdoor screens and digital video will contribute to the growth of programmatic in DPB media.”

Ad Exchanger, 2/11/16

21.2 Video Ads In Public Venues
The Digital Place-Based Video Study, a report by the Digital Place-Based Advertising Association, provides the following assessment of visits to various venues (each month) and exposure to place-based video advertising at these venues:

<table>
<thead>
<tr>
<th>Visit Venue</th>
<th>View Video Ad</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pct.</td>
</tr>
<tr>
<td>Airport:</td>
<td>21%</td>
</tr>
<tr>
<td>Bar:</td>
<td>29%</td>
</tr>
</tbody>
</table>
- Coffeehouse or sandwich shop: 50% 130 million 8% 21 million
- Convenience store: 72% 187 million 12% 31 million
- Drug store: 69% 179 million 12% 30 million
- Elevator: 58% 150 million 4% 10 million
- Fast food or casual dining restaurant: 79% 204 million 16% 42 million
- Gas station: 88% 227 million 17% 43 million
- Grocery store: 90% 232 million 28% 72 million
- Health club: 22% 86 million 7% 18 million
- Hospital or medical test facility: 41% 106 million 13% 34 million
- Large retail or department store: 72% 186 million 27% 69 million
- Medical office (doctor, dentist, veterinarian): 58% 151 million 20% 52 million
- Movie theater: 41% 107 million 19% 50 million
- Office building lobby: 51% 132 million 13% 34 million
- Shopping mall: 65% 169 million 27% 70 million
- Stadium or arena: 20% 51 million 11% 28 million
- Transportation, interior (bus, taxicab, train): 27% 69 million 4% 9 million

21.3 DPB Video Ad Networks
The following are out-of-home networks that distribute place-based video programming to retail outlets, transportation systems, and airports:

Blue Line Media (www.bluelinemedia.com)
- Gas pump toppers, as they are known in the industry, are the most popular form of advertising in gas stations. Blue Line Media provides this advertising format in over 300 cities across the U.S.

Captivate Network (www.captivate.com)
- Captivate Network has a network of over 10,000 high-resolution, flat-panel elevator displays in approximately 1,000 office buildings and suburban office campuses across North America.

CNN Airport Network (www.cnn.com/services/advertise/specs/specs_airport.html)
- CNN Airport Network, a satellite television network owned by Turner Private Networks, a division of Turner Broadcasting Company, broadcasts general news, weather, stock market updates, entertainment, and travel content to airports across North America.

Gas Station TV (www.gstv.com)
- Gas Station TV provides television programming on screens at gas station pumps around the country. Its content and advertisements reach 52 million people monthly.
Home Team Sports (HTS, www.hometeamsports.com)
• HTS, a Fox Sports-owned sales group that sells in-arena signs, promotions, and sponsorships, formed a partnership in March 2014 with Access Sports Media (www.accesssportsmedia.com) to sell in-arena video ads on concourse TVs at more than 50 MLB, NBA, NFL, and NHL venues.

InStore Broadcasting Network (www.instoreaudionetwork.com/in2/)
• InStore Broadcasting Network, or IBN, provides narrowcast in-store background music, in-store video content, and advertising for delivery within over 18,000 supermarkets and drugstores across the U.S.

Premier Retail Networks (www.prn.com)
• Premier Retail Networks provides programming and advertising for big-box retail stores, restaurants, and supermarkets. The network provides services for approximately 64,000 digital screens deployed in over 10,000 venues across the U.S.

Target’s Channel Red (www.target.com)
• Target-owned Channel Red runs product promos and some entertainment in the electronics/music/movies department at all 1,760-plus Target stores in the U.S.

Walmart Smart Network (www.walmartsmartnetwork.com)
• The Walmart Smart Network, installed in several departments in Walmart’s 4,400-plus U.S. stores, influences over 7.9 million shoppers per week.

21.4 Market Resources
Digital Place-Based Advertising Association, 1350 Broadway, Suite 2400, New York, NY 10018. (212) 371-8961. (www.dp-aa.org)
VIRTUAL & AUGMENTED REALITY

22.1 Overview

Research in virtual reality (VR) – computer technology that simulates a user's physical presence in an environment, real or imagined, allowing for user interaction – dates to the 1980s. Only recently have commercial VR products and content become available for consumers.

Augmented reality (AR) is the integration of digital information with the user's environment in real time. Unlike virtual reality, which creates a totally artificial environment, augmented reality uses the existing environment and overlays new information on top of it. The development of AR dates to the late 1990s.

A January 2017 survey by YuMe (www.yume.com) found awareness and use of virtual reality and augmented reality among U.S. adults as follows (percentage of respondents):

<table>
<thead>
<tr>
<th></th>
<th>VR</th>
<th>AR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>47%</td>
<td>25%</td>
</tr>
<tr>
<td>Usage</td>
<td>16%</td>
<td>9%</td>
</tr>
</tbody>
</table>

According to Parks Associates (www.parksassociates.com), 3.4 million households, or 3.5% of U.S. broadband households, owned a virtual reality headset at year-end 2016. Less than one million households owned a VR headset at year-end 2015. The top uses for VR include gaming, healthcare, live events such as concerts or sporting events, social interaction, marketing, and education.

A March 2017 survey by Frank N. Magid Associates (www.magid.com) asked users of VR headsets about their satisfaction with the device. Three types of VR headsets were assessed: headsets designed for a specific smartphone, headsets that connect to a PC, and headsets designed for use with any smartphone. Responses were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Specific Smartphone</th>
<th>PC-Based</th>
<th>Any Smartphone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Far exceeded expectations</td>
<td>41%</td>
<td>35%</td>
<td>30%</td>
</tr>
<tr>
<td>Slightly exceeded expectations</td>
<td>13%</td>
<td>29%</td>
<td>30%</td>
</tr>
<tr>
<td>Met expectations</td>
<td>37%</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Slightly below expectations</td>
<td>6%</td>
<td>2%</td>
<td>6%</td>
</tr>
<tr>
<td>Far below expectations</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>
Parks Associates found that 50% of consumers who try a VR (virtual reality) headset enjoy it and make plans to purchase one. Still, more than 60% of U.S. broadband households say they know little or nothing about virtual reality.

“VR and AR technologies have great potential but are in the very earliest stages of their market lifecycle. VR headsets have only recently entered the consumer market, and 360-degree and VR content production is just beginning. Content creators are still in the process of finding the best ways to use VR to tell stories and generate revenues.”

Brett Sappington  
Senior Director of Research  
Parks Associates, 12/8/16

22.2 VR Applications in Retail and Marketing

The use of VR in retail and marketing is in its infancy. The following are among the first commercial applications:
- Marriott Hotels has produced VR features that allow customers to visit various travel destinations.
- MasterCard is developing VR technology to give customers insights into places they would like to visit and hotels where they could stay.
- Devil’s Cut, a bourbon brand of Beam Suntory, produced a VR film that takes customers through the production process at its distillery.

In a survey by Walker Sands (www.walkersands.com), adults said they foresee VR affecting their shopping experience as follows (percentage of respondents):
- I would be open to purchasing more online since VR would give a more realistic feel of the product remotely: 35%
- I would be less likely to visit a physical retail store with the introduction of VR technology: 22%
- I don’t believe that VR would affect my shopping experience: 37%
22.3 Pokémon Go
Pokémon Go, released by Nintendo in July 2016, introduced the public to augmented reality.

“Pokémon Go monopolized the summer for millions of U.S. consumers. The location-based augmented reality game is compelling and addictive.”

eMarketer, 11/3/16

Pokémon Go had more first-week downloads from the Apple App Store than any app in history. There were 50 million downloads worldwide within 19 days of launch. MGH Inc. (www.mghus.com) reported the percentages of U.S. smartphone users, by age, who downloaded Pokémon Go during the first month after launch:
• 18-to-29: 48%
• 30-to-44: 23%
• 45-to-55: 9%

There were over 650 million Pokémon Go downloads as of February 2017. The AR game generated $1 billion revenue for Nintendo. While engagement with the game had peaked, there were still 65 million monthly active users as of April 2017.

“Pokémon Go put augmented reality on the map and now people understand what it is, what it does, and why it is fun.”

eMarketer, 9/14/16

Pokémon Go has been a stellar success and promotional tool as retailers and destinations pay to set Pokéstop "lures" to draw players, turning their locations into portals, and increasing foot traffic. Sponsors are charged for every customer visiting a store, as confirmed by the app. As of March 2017, Pokémon Go had driven more than 500 million visits to 35,000 sponsored locations.
22.4 AR Applications in Retail and Marketing

AR is being used to enhance the retail experience, allowing customers to virtually try on apparel, test shades of cosmetic products, or place furniture items in their home. Using AR technology in a mobile app or website, customers can narrow down their selections and then go to the store to try or examine the products. In-store, customers can sample numerous products and color options at once.

A survey by Interactions (www.interactionsmarketing.com) asked adult Internet users which product categories they would like to shop via AR. Responses were as follows (percentage of respondents):

- Furniture: 60%
- Clothing: 55%
- Groceries: 39%
- Shoes: 35%
- Makeup: 25%
- Jewelry: 25%
- Toys: 22%

In January 2017, Gap launched an app to let shoppers try on clothes virtually at home via augmented reality. Powered by the Google Tango’s AR platform, The DressingRoom app is fairly straightforward. Shoppers first choose a Gap item they want to try on, select their size and then a 3-D virtual mannequin pops up modeling that item.

Modiface (www.modiface.com) has developed AR technology for beauty marketers, such as Sephora and L’Oréal, that allow consumers to virtually try on products through a mobile app, website, or in-store tablet. The app simulates products on an uploaded photo or a live view of a customer so they can see the before and after prior to purchasing. For example, if a lipstick has a sheen, sparkle, or glossy finish, customers see that on themselves.

22.5 VR and AR Ads

A February 2017 survey by Vibrant Media (www.vibrantmedia.com) found that about 25% of U.S. agency executives had purchased VR ads for their clients; 10% had purchased AR ads.

When asked the extent to which consumers find virtual reality and augmented reality ads compelling, agency executives responded as follows (percentage of respondents):

- Very compelling: 47.6% 42.9%
- Somewhat compelling: 40.5% 35.7%
- Neutral: 4.8% 11.9%
- Not compelling: 7.1% 9.5%
“There are a variety of obstacles to overcome for more of these marketers to commit advertising dollars to AR and VR. The first is the size of the audience. Another obstacle is understanding what constitutes virtual and augmented reality. Greater awareness and usage are likely to be needed before the gap between agency enthusiasm and spending is bridged.”

eMarketer, 3/21/17
23.1 Overview

Websites are an essential element of most businesses. The primary function of a business website is to inform consumers about the company and its products or services. Nearly three-quarters (74%) of consumers indicate that they use company sites to get information about products or services, according to a survey by Oracle (www.oracle.com), and 44% believe the information available on most company’s websites meets their needs.

A recent study from the Corporate Executive Board (www.executiveboard.com) concluded that the best thing a company can do in terms of its digital strategy is to optimize its website.

__________________________________________________________

“Websites are one area of importance when it comes to branding, providing companies with an opportunity to inform visitors what their brand is all about, on their own turf. As such, it’s important for sites to be in tip-top shape.”

eMarketer

__________________________________________________________

23.2 Mobile-Optimized Sites

A 2017 survey by Research Now (www.researchnow.com) found that 40% of U.S. small businesses do not have a mobile-optimized site.

For businesses that have mobile-optimized sites, upgrading these sites is a priority for many companies. A survey by Adobe (www.adobe.com) found that 69% of mobile marketers increased mobile website budget allocation in 2017.
23.3 Engaging New Visitors

According to a 2017 survey by Episerver (www.episerver.com), 92% of consumers visit a brand’s website for the first time to do something other than make a purchase. Forty-five percent (45%) of shoppers are searching for a product/service, 26% are comparing prices or other distinctions between brands, and 11% are looking for store details like hours, location, and contact information. Even when visiting a brand’s website or mobile app with the intent of purchasing, 32% of consumers rarely or never make a purchase on the initial visit to a site. To best accommodate first-time visitors to their website, brands must provide an engaging experience for visitors as well as provide a platform for sales transactions.

“What some brands fail to realize is that consumers don’t always visit their site to buy. Like a 21st century version of the mall, where shoppers often went to hang out first and purchase second, consumers are visiting websites with buying as a secondary concern. Brands overly focused on transactional affairs too often miss out on other key engagement opportunities.”

Center for Media Research
Research Brief, 4/4/17

23.4 Professional-Looking Sites

In a survey of small- and medium-size business owners and managers by 99designs (www.99designs.com), 76% said that a professional-looking website attracted more/better customers. By sector, those of this opinion are as follows (percentage of respondents):

- Entertainment: 88%
- Retail: 87%
- Advertising & marketing: 87%
- Healthcare: 81%
- Food & beverage: 79%
- Education: 78%
- Airlines: 75%

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• Automotive: 69%
• Insurance: 67%
• Real estate: 55%
• Finance: 50%

Consumers hold small business to the same standards as large businesses when it comes to websites. In an April 2017 survey by Vistaprint (www.vistaprint.com), 60% of respondents said they would be less likely to purchase something from a small business based on a bad impression of its website.

_________________________________________________________________

“Consumers know what they want, and when it comes to visiting a small business’ website, they expect the same experience they would get from a larger chain. If website visitors don’t get that experience – whether because the site doesn’t provide simple information like an address or business hours, or because it has a poor mobile experience – then they are left with a bad impression.”

eMarketer, 4/12/17

_________________________________________________________________

23.5 Domain Names

There is a benefit to a brand with an eponymous domain name or a generic but clever domain name that describes its products or service. Well-chosen domain names can make it easier for consumers to link to the brand on the Internet.

Prime domain names hold great value, and a brokerage industry has developed specializing in their sale. According to DN Journal, more than 500 URLs have been bought and sold for $1 million or more. The record is Insurance.com, which sold for $35.6 million in 2010.
23.6 Landing Page Optimization

A survey of marketing and sales professionals by Ascend2 (www.ascend2.com) explored strategies for landing page optimization (LPO). The following is a summary of the findings of the survey (percentage of respondents):

Most Important Objectives In Landing Page Optimization Strategy
- Increase conversion rates: 93%
- Improve lead quality: 58%
- Improve segmentation/targeting: 30%
- Increase brand awareness: 25%
- Increase page views: 17%
- Improve analytics and reporting: 13%
- Improve mobile optimization: 9%
- Improve testing methods: 7%

Most Effective Methods For Optimizing Conversion Rates
- A/B testing: 52%
- Segmentation/targeting: 44%
- Copy optimization: 43%
- Responsive design: 35%
- Event-triggered email: 27%
- Usability testing: 20%
- Customer survey/feedback: 16%
- Multivariate testing: 16%

Most Difficult Conversion Optimization Methods To Execute
- Multivariate testing: 41%
- Segmentation/targeting: 34%
- Usability testing: 31%
- Copy optimization: 29%
- Customer survey/feedback: 20%
- Responsive design: 19%
- A/B testing: 18%
- Event-triggered email: 16%

Most Useful Metrics For Measuring Landing Page Performance
- Conversion rate: 75%
- Cost per conversion: 40%
- Revenue per conversion: 33%
- Bounce rate: 31%
- Landing page views: 27%
- Traffic by source: 23%
- Time on page: 22%
- Device (i.e., desktop vs. mobile): 7%

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Most Challenging Obstacles To Landing Page Optimization Success

- Limited internal resources: 45%
- Lack of conversion-worthy content: 41%
- Lack of an effective LPO strategy: 40%
- Inadequate analytics and reporting: 26%
- Lack of testing skills: 23%
- LPO budget constraints: 22%
- Complexity of LPO practices: 17%
- Adopting mobile optimization: 15%

23.7 Site Search

A 2016 survey by RichRelevance (www.richrelevance.com) asked online shoppers about their use of site search. The following is a summary of the findings of the survey:

- Online shoppers consider the importance of site search when shopping on a retailer’s website as follows:
  - Extremely important: 56%
  - Important: 27%
  - Somewhat important: 12%
  - Not important: 5%
- Seventy-six percent (76%) of shoppers always or often use the search box when shopping on a retailer’s site; 7% say they rarely or never use the search box.
- Seventy-three percent (73%) of adult consumers say they are likely to leave a retail site that doesn’t provide good search results; 37% say they are not at all likely to return.
- Thirty-seven percent (37%) of online shoppers find site search is ‘more important’ when shopping for gifts than for other types of online shopping.
- Forty-eight percent (48%) of online shoppers rank the ability to ‘easily search and find products’ as the single most important thing when shopping for gifts on a retailer’s site. For comparison, 26% consider product ratings and reviews most important.
- Thirty-eight percent (38%) of online shoppers say they get worse search results when shopping on their mobile device than laptop or desktop; 35% are generally unsatisfied with the search results they receive on a mobile device.
- Thirty-six percent (36%) of online shoppers would like to see search results personalized based on their previous shopping behavior.
“According to a study by RichRelevance, while site search is critically important to shoppers, the study suggests that many retailers have not evolved site search to meet the demands of an omnichannel world. Frustrated web and mobile shoppers are likely to go elsewhere when retailers don’t get it right.”

Center for Media Research
Research Brief, 10/10/16
PART IV: MARKETING FOCUS
24

GENERATIONAL MARKETING

24.1 Overview

Market researchers typically categorize adult consumers into four generations, as follows:

<table>
<thead>
<tr>
<th>Generation</th>
<th>Year of Birth</th>
<th>Age (in 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seniors (Silent Generation)</td>
<td>1945 and before</td>
<td>72 and older</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>1946-1964</td>
<td>53-to-71</td>
</tr>
<tr>
<td>Generation X</td>
<td>1965-1979</td>
<td>38-to-52</td>
</tr>
<tr>
<td>Millennials (Gen Y)</td>
<td>1980-2000</td>
<td>17-to-37</td>
</tr>
<tr>
<td>Generation Z</td>
<td>2001-present</td>
<td>16 and younger</td>
</tr>
</tbody>
</table>

24.2 Generational Comparison

A survey by Pew Research Group (www.pewresearch.com) asked adults what descriptions applied to their generation. Responses were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Millennial</th>
<th>Gen X</th>
<th>Boomers</th>
<th>Seniors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compassionate</td>
<td>27%</td>
<td>33%</td>
<td>47%</td>
<td>60%</td>
</tr>
<tr>
<td>Cynical</td>
<td>31%</td>
<td>24%</td>
<td>16%</td>
<td>7%</td>
</tr>
<tr>
<td>Entrepreneurial</td>
<td>35%</td>
<td>33%</td>
<td>35%</td>
<td>32%</td>
</tr>
<tr>
<td>Environmentally-conscious</td>
<td>40%</td>
<td>37%</td>
<td>41%</td>
<td>40%</td>
</tr>
<tr>
<td>Greedy</td>
<td>43%</td>
<td>24%</td>
<td>19%</td>
<td>8%</td>
</tr>
<tr>
<td>Hard-working</td>
<td>36%</td>
<td>54%</td>
<td>77%</td>
<td>83%</td>
</tr>
<tr>
<td>Idealistic</td>
<td>39%</td>
<td>28%</td>
<td>31%</td>
<td>26%</td>
</tr>
<tr>
<td>Moral</td>
<td>17%</td>
<td>27%</td>
<td>46%</td>
<td>64%</td>
</tr>
<tr>
<td>Patriotic</td>
<td>12%</td>
<td>26%</td>
<td>52%</td>
<td>77%</td>
</tr>
<tr>
<td>Politically active</td>
<td>17%</td>
<td>20%</td>
<td>37%</td>
<td>42%</td>
</tr>
<tr>
<td>Religious</td>
<td>12%</td>
<td>21%</td>
<td>42%</td>
<td>63%</td>
</tr>
<tr>
<td>Responsible</td>
<td>24%</td>
<td>43%</td>
<td>66%</td>
<td>78%</td>
</tr>
<tr>
<td>Self-reliant</td>
<td>27%</td>
<td>37%</td>
<td>51%</td>
<td>65%</td>
</tr>
<tr>
<td>Self absorbed</td>
<td>59%</td>
<td>30%</td>
<td>20%</td>
<td>7%</td>
</tr>
<tr>
<td>Tolerant</td>
<td>33%</td>
<td>33%</td>
<td>38%</td>
<td>36%</td>
</tr>
<tr>
<td>Wasteful</td>
<td>49%</td>
<td>29%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Willing to sacrifice</td>
<td>15%</td>
<td>27%</td>
<td>45%</td>
<td>61%</td>
</tr>
</tbody>
</table>

Nielsen (www.nielsen.com) reported the following themes resonate most with adults, by generation, in North America (percentage of respondents):

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• Real-life situations: Gen Z 40%  Millennials 44%  Gen X 43%  Boomers 45%  Seniors 44%
• Humorous: Gen Z 37%  Millennials 37%  Gen X 38%  Boomers 46%  Seniors 46%
• Health-themed: Gen Z 31%  Millennials 37%  Gen X 38%  Boomers 42%  Seniors 40%
• Value-oriented: Gen Z 31%  Millennials 32%  Gen X 33%  Boomers 37%  Seniors 39%
• High-energy action: Gen Z 28%  Millennials 28%  Gen X 21%  Boomers 16%  Seniors 8%
• Aspirational: Gen Z 25%  Millennials 25%  Gen X 20%  Boomers 16%  Seniors 13%
• Family-oriented: Gen Z 24%  Millennials 35%  Gen X 42%  Boomers 39%  Seniors 32%
• Sentimental: Gen Z 17%  Millennials 18%  Gen X 17%  Boomers 15%  Seniors 8%
• Celebrity endorsements: Gen Z 16%  Millennials 14%  Gen X 8%  Boomers 7%  Seniors 2%
• Sports-themed: Gen Z 16%  Millennials 14%  Gen X 14%  Boomers 12%  Seniors 10%
• Competitive: Gen Z 13%  Millennials 14%  Gen X 11%  Boomers 10%  Seniors 9%
• Pets/animals-centered: Gen Z 13%  Millennials 14%  Gen X 16%  Boomers 23%  Seniors 24%
• Sexual: Gen Z 13%  Millennials 12%  Gen X 9%  Boomers 7%  Seniors 3%
• Kids-centered: Gen Z 9%  Millennials 19%  Gen X 23%  Boomers 16%  Seniors 12%
• Athlete endorsements: Gen Z 8%  Millennials 8%  Gen X 6%  Boomers 6%  Seniors 4%
• Car-themed: Gen Z 8%  Millennials 12%  Gen X 11%  Boomers 9%  Seniors 9%

“Trying to connect with consumers emotionally? Start by considering whom you’re trying to reach. Some messages resonate well across every generation. Other messages, however, have niche appeal.”

Nielsen, 9/16

The Affluent Survey, by Ipsos (www.ipsos.com), reported Generation X households comprise 37% of households with $100,000 or more in annual income; 44% of affluent households are Baby Boomer households.

According to the U.S. Census Bureau (www.census.gov), there are 34.7 million families (44%) with children under 18 living at home. By generation of householder, Families And Living Arrangements, by the Census Bureau, reported households with children under age 18 as follows:
• Millennials: 47%
• Generation X: 56%
• Baby Boomers: 12%
• Older Americans: 1%
The *Current Population Survey*, by the Census Bureau, reported 34.9 million single-person households, or 28.0% of all U.S. households. The percentages of single-person households, by generation, are as follows:

- Millennials: 20%
- Generation X: 19%
- Baby Boomers: 30%
- Seniors: 49%

### 24.3 Trusted Forms Of Advertising

According to the *Trust In Advertising Survey*, by Nielsen, the following percentages of adults in North America, by generation “trust completely” or “trust somewhat” the following forms of advertising/recommendations:

<table>
<thead>
<tr>
<th>Source of Advertising</th>
<th>Gen Z</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
<th>Seniors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendations from acquaintances:</td>
<td>83%</td>
<td>85%</td>
<td>83%</td>
<td>80%</td>
<td>79%</td>
</tr>
<tr>
<td>Branded websites:</td>
<td>72%</td>
<td>75%</td>
<td>70%</td>
<td>59%</td>
<td>50%</td>
</tr>
<tr>
<td>Consumer opinions posted online:</td>
<td>63%</td>
<td>70%</td>
<td>69%</td>
<td>58%</td>
<td>47%</td>
</tr>
<tr>
<td>Editorial content:</td>
<td>68%</td>
<td>68%</td>
<td>66%</td>
<td>60%</td>
<td>55%</td>
</tr>
<tr>
<td>Ads on TV:</td>
<td>58%</td>
<td>67%</td>
<td>64%</td>
<td>55%</td>
<td>48%</td>
</tr>
<tr>
<td>Brand sponsorships:</td>
<td>62%</td>
<td>66%</td>
<td>62%</td>
<td>52%</td>
<td>42%</td>
</tr>
<tr>
<td>Ads in magazines:</td>
<td>57%</td>
<td>62%</td>
<td>61%</td>
<td>50%</td>
<td>46%</td>
</tr>
<tr>
<td>Ads in newspapers:</td>
<td>57%</td>
<td>62%</td>
<td>62%</td>
<td>55%</td>
<td>53%</td>
</tr>
<tr>
<td>Ads before movies:</td>
<td>54%</td>
<td>60%</td>
<td>55%</td>
<td>42%</td>
<td>31%</td>
</tr>
<tr>
<td>Billboards/outdoor advertising:</td>
<td>59%</td>
<td>60%</td>
<td>57%</td>
<td>46%</td>
<td>38%</td>
</tr>
<tr>
<td>TV program product placements:</td>
<td>51%</td>
<td>60%</td>
<td>56%</td>
<td>42%</td>
<td>39%</td>
</tr>
<tr>
<td>Opt-in emails:</td>
<td>54%</td>
<td>57%</td>
<td>56%</td>
<td>53%</td>
<td>54%</td>
</tr>
<tr>
<td>Ads on radio:</td>
<td>51%</td>
<td>55%</td>
<td>57%</td>
<td>49%</td>
<td>42%</td>
</tr>
<tr>
<td>Online video ads:</td>
<td>45%</td>
<td>53%</td>
<td>50%</td>
<td>37%</td>
<td>27%</td>
</tr>
<tr>
<td>Ads served in search engine results:</td>
<td>43%</td>
<td>52%</td>
<td>50%</td>
<td>41%</td>
<td>33%</td>
</tr>
<tr>
<td>Ads on social networks:</td>
<td>45%</td>
<td>51%</td>
<td>47%</td>
<td>35%</td>
<td>26%</td>
</tr>
<tr>
<td>Ads on mobile devices:</td>
<td>42%</td>
<td>48%</td>
<td>45%</td>
<td>31%</td>
<td>20%</td>
</tr>
<tr>
<td>Online banner ads:</td>
<td>36%</td>
<td>47%</td>
<td>43%</td>
<td>34%</td>
<td>25%</td>
</tr>
<tr>
<td>Text ads on mobile phones:</td>
<td>32%</td>
<td>41%</td>
<td>38%</td>
<td>27%</td>
<td>18%</td>
</tr>
</tbody>
</table>

A survey by Salesforce ([www.salesforce.com](http://www.salesforce.com)) asked consumers their most trusted sources for accurate product information. By generation, responses were as follows:

<table>
<thead>
<tr>
<th>Source of Product Information</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
<th>All Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online reviews:</td>
<td>40%</td>
<td>32%</td>
<td>24%</td>
<td>31%</td>
</tr>
<tr>
<td>Friends/family/colleagues:</td>
<td>24%</td>
<td>25%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>The brand itself:</td>
<td>19%</td>
<td>17%</td>
<td>23%</td>
<td>20%</td>
</tr>
<tr>
<td>Retailers/retail associates:</td>
<td>11%</td>
<td>11%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>News articles:</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Other/none of these:</td>
<td>4%</td>
<td>13%</td>
<td>15%</td>
<td>12%</td>
</tr>
</tbody>
</table>

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“Different generations ascribe different levels of trust to various sources of information. Take for example a survey by Salesforce which examined the most trusted sources for accurate product information by generation. While Baby Boomers put more trust in brands themselves than their younger peers, generations like the Millennials were more favorable toward online reviewers than corporate-sponsored messages.”

eMarketer, 1/3/17

24.4 Marketing To Baby Boomers

AARP (www.aarp.org) provides the following insight into Baby Boomer households:

- Thirty-seven percent (37%) of Baby Boomers have a child age 18 or younger living in the household.
- Over five million Baby Boomer parents have recently had an adult child move back into the home, partially due to the rise of “adultolescents” who’ve boomeranged back into the parental household.
- Four million Baby Boomers have a parent living with them.
- Eighty-two percent (82%) of Boomers use the Internet, engaging in activities such as instant messaging, downloading music or movies, financial transactions, and online gaming.
- Contrary to popular perception, few Baby Boomers are downsizing. Only 6% expect to be living in a smaller home within five years.
- Just 11% of Baby Boomers plan to stop working altogether when they reach retirement age.

According to Pew Research Center’s Social & Demographic Trends Project (www.pewsocialtrends.org), 52% of Baby Boomers say they are considering delaying retirement because of the financial setbacks of the Great Recession.

Nielsen provides the following facts about Baby Boomers:

- They dominate 1,023 out of 1,083 consumer packaged goods categories.
- They watch the most video among demographic groups: 9:34 hours per day.
- They comprise ⅛ of all TV viewers, online users, and social media users.
- They watch time-shift TV more than 18-to-24 year olds (2:32 vs. 1:32).
According to Nielsen, while Baby Boomers account for 38.5% of spending on consumer packaged goods; less than 5% of advertising spending targets them.

“Retailers that overlook customers in the Baby Boomer demographic risk missing out on valuable financial opportunities. This age group controls 70% of the disposable income in the U.S., making them the most affluent generation of customers.”

Center for Media Research
Research Brief, 2/10/17

24.5 Marketing To Generation Xers

What Generation X is, perhaps foremost in importance, is the best-educated generation in U.S. history. Almost half of Gen Xers have a 2- or 4-year college degree, and more than 10% have a graduate degree. Gen X households typically include two income-earning spouses; 68% have dual incomes.

Several recent surveys have shown that younger workers, especially those in Generation X, hold a work/life balance, opportunities for growth, and good work relationships higher in importance than generations before them. Gen X employees view work as secondary to their lives outside the office, which may mean more time with their children or time to pursue a hobby.

Generation X has often been characterized as being non-materialistic, shunning fashion, brand names, and technological advancements. These values, to some extent, were the generation’s effort to distinguish itself from the Baby Boomer’s preppy era of the early 1980s. However, while they may not yet have the affluence of Baby Boomers, Gen Xers have plenty of style and a desire to show it off. This segment initially affected fashion and style, then music and movies, and now is influencing the marketing of furniture and housewares.

For all its individuality and the promise that might have been for marketers as Generation X approached its peak earning years, Gen X reached the height of its earnings power during the Great Recession. Now holding mortgages on homes worth less than when they bought, saddled with tens of thousands of dollars in student loans, on average, and raising children under age 18 who are dependent upon them, the timing of the Great Recession could not have been worse for this generation. This generation has earned more than their parents, but their net worth is significantly less
as a result of debt.

According to eMarketer (www.emarketer.com), 91.3% of Gen Xers use the Internet regularly; 77.7% watch digital video. Forty percent (40%) say they spend at least 11 hours per week online outside of work.

“Forget the notion that Gen X is a small market: It isn’t. And Gen Xers’ digital usage, along with their TV viewing, makes them eminently reachable. Plus, being less eager than younger people to jump on the latest new trend makes them easier for digital marketers to find.”

eMarketer, 3/1/17

24.6 Marketing To Millennials

Already the largest generation in the U.S. at 94 million, immigration will further boost the number of Millennials by 2020, according to the Census Bureau. Their buying power, over $2.5 billion, eclipsed that of Baby Boomers in 2017, according to Pew Research Center (www.pewresearch.org).

Advertising Age provides the following characteristics of Millennials:

• Millennials spend almost 15 hours a day interacting with various media and communications technologies.
• More than one-half of Millennials talk on the phone regularly while watching television.
• Twenty percent (20%) of adult Millennials (ages 18-to-31) have at least 25 friends in their social network.
• Fifty-nine percent (59%) of Millennials spend at least an hour a day talking on their cellphones.
• Console gaming is, by far, the leading leisure activity for Millennial males. Watching television and talking on cellphones are most popular with Millennial females.
• Approximately 11 million Millennials are married – two-thirds of those who are married have children.
• Forty-five percent (45%) of Millennials refer to themselves as non-white.
• Eighty-four percent (84%) of Millennials believe that getting a college degree is important.
• Fifty-one percent (51%) of Millennials say it’s important to volunteer for community service, and 48% have done so.
Many of the young adult Millennials who expected to be in the early stage of a career saw their plans derailed by the Great Recession. Financial recovery was a slow process for many Millennials, but the majority were back on track by 2015.

The term Boomerang Generation has been coined to reflect those young adults who have returned to their parents' home, many overburdened with student loan debt as well as unemployment. According to Pew Research Center, 24% of Millennials have moved back home at least once during or shortly after the Great Recession.

While many Millennials are struggling with their careers and personal finances, others are achieving financial success.

International Demographics (www.themediaaudit.com) reported that 7.3 million households headed by a Millennial in the 81 largest metropolitan areas had an annual income in excess of $100,000.

In a survey by the Urban Land Institute (www.uli.org), Millennials expressed their attitude toward shopping as follows:

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Love to shop:</td>
<td>44%</td>
<td>29%</td>
</tr>
<tr>
<td>Shop when necessary and enjoy it:</td>
<td>45%</td>
<td>51%</td>
</tr>
<tr>
<td>Shopping is a necessary chore; I can deal with it:</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>Hate shopping:</td>
<td>3%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Still, shopping at bricks-and-mortar stores dominates among Millennials. The following are percentages based on retail formats they visit at least once a month (source: Urban Land Institute):

- Discount department stores: 91%
- Neighborhood and community shopping centers: 74%
- Enclosed malls: 64%
- Full-line department stores: 64%
- Big-box power centers: 63%
- Chain apparel stores: 58%
- Neighborhood business districts: 54%

In a survey by DDB Worldwide (www.ddb.com), Millennials profiled their e-commerce activities as follows:

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideally would buy everything online:</td>
<td>33%</td>
<td>40%</td>
</tr>
<tr>
<td>Typically shop on auction sites:</td>
<td>31%</td>
<td>43%</td>
</tr>
<tr>
<td>Typically use shopping apps on mobile phone:</td>
<td>28%</td>
<td>30%</td>
</tr>
<tr>
<td>Typically use retail store apps:</td>
<td>24%</td>
<td>27%</td>
</tr>
<tr>
<td>An extreme couponer:</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>Have requested a price match using mobile phone:</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Typically use mobile phone to scan and find the best price in town for a specific item:</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Typically shop for and buy items on mobile phone:</td>
<td>19%</td>
<td>24%</td>
</tr>
</tbody>
</table>
A survey by Adroit Digital (www.adroitdigital.com) asked Millennials which advertising media is most influential in how they perceive brands. Responses were as follows (multiple responses allowed):

- Television: 70%
- Magazines: 60%
- Online display: 42%
- Online video: 39%
- Freestanding kiosks: 31%
- Mobile: 33%
- Radio: 21%
- Billboards: 21%

### 24.7 Marketing To Generation Z

The generation born in or after 2001 has been dubbed ‘Generation Z.’ They are also simply called ‘youth.’ Youth ages 10-to-12 are often referred to as tweens; teens are ages 13-to-17.

Youth buying power is challenging to assess because personal spending by teens and tweens, by parents on their behalf, and spending for general costs of raising a family are intertwined.

Mintel (www.mintel.com) estimates that 8-to-12 year olds are spending an estimated $30 billion of their own money and $150 billion of their parents’ money annually.

Packaged Facts (www.packagedfacts.com) estimates annual spending by U.S. teens at $250 billion. Other estimates of teen spending are up to $400 billion.

Piper Jaffrey (www.piperjaffrey.com) conducts semi-annual surveys of teens about their spending. According to the 2016 report *Taking Stock With Teens*, annual spending by teens for fashion goods is about $1,100.

*Taking Stock With Teens* reported the spending mix by category as follows:

- Clothing: 20%
- Food: 22%
- Accessories/personal care: 10%
- Car: 7%
- Shoes: 9%
- Electronics: 8%
- Video games: 7%
- Music/movies: 6%
- Concerts/movies/events: 6%
- Books/magazines: 2%
- Furniture: 1%
- Other: 3%

Smartphone ownership, which often bolsters video viewing, is highest among teen Gen Zers. According to Common Sense Media (www.commonsensemedia.org),
80% of those ages 13-to-18 own a smartphone. Teens are more likely to own a smartphone than a tablet, video game console, or laptop.

A March 2017 survey by Ipsos found teens who spend three hours or more per day on select smartphone activities as follows (percentage of respondents):

- Digital video (TV, movies, videos): 71%
- Messaging apps: 52%
- Social networking: 51%
- Play games: 42%

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“Teens spend a lot of time watching video on their phones. And with so many options out there – like YouTube, Netflix, and Hulu – that’s not really surprising.”

eMarketer, 4/7/17

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24.8 Social Media Preferences

2017 Sprout Social Index, by Sprout Social (www.sproutsocial.com), investigated social media use and preferences among Millennials, Generation Xers, and Baby Boomers.

Across all three generations, 43.6% of respondents identified Facebook as their social network of choice. Collectively, respondents found Facebook to be 29% more popular than Instagram, the respondents’ nearest, cross-generational preference.

Facebook’s widespread popularity is nearly identical among Gen X (64.7%) and Baby Boomers (65.2%). Both older generations identified YouTube as their second favorite social platform, but for Gen X, Facebook is 54% more popular than YouTube.

Millennials preference for Facebook over other social networks isn’t as pronounced as it is for Gen X and Baby Boomers. The social network of choice among Millennials is as follows (percentage of respondents):

- Facebook: 33.0%
- Instagram: 22.2%
- Snapchat: 15.8%

Among younger Millennials (ages 18-to-24), 25.0% identify Instagram as their favorite social media network, ahead of Facebook (24.4%) and Snapchat (23.3%). Just like their generational counterparts, more Millennials opt for YouTube (11.5%) than Twitter (7.55%).
Along the path to purchase, Millennials (58.9%), Gen Xers (50.4%) and Baby Boomers (55%) all tend to follow a brand on social media before purchasing a product. Each generation expresses interest on social during the same stage in the customer journey, but they aren’t looking for the same experience. By generation, content preferences are as follows:

- Millennials follow brands for entertainment value (38%) and information (42%).
- Gen Xers are more likely to follow for contests (41%), deals and promotions (58%).
- Baby Boomers are looking for a healthy mix of deals and promotion (60%) and information (53%).

When it comes to interacting with brands, the youngest cohort cited social media as their preferred method of communication. Millennials are twice as likely to turn to social, rather than phone or email, to communicate with a brand.

Cohorts in each generation say they unfollow brands for the following:

- Gen Xers are 160% more likely than the other generations to unfollow a brand that says something offensive or in opposition to their personal beliefs.
- Millennials unfollow because they had a bad experience (21%) or because they found a brand’s social marketing annoying (22%).
- Twenty-nine percent (29%) of Baby Boomers say that too much spam causes direct action and opt-out.

Across age groups, more than 60% of people who follow a brand on social media are willing to buy from that brand. This percentage increases by 9% for brands that are willing to invest in organic engagement through one-on-one conversations and positive interactions.
25.1 Gender Comparison

According to the Census Bureau (www.census.gov), the U.S. female population as of March 2017 was 164.9 million, which represents 50.8% of the population. The male population was 159.8 million, which represents 49.2% of the population.

The median age for women is 39.1 and for men is 36.2 years. The average life expectancies are 81.9 and 77.1, respectively, for females and males.

*Educational Attainment in the United States*, a report from the Census Bureau, counted 31.4 million women and 30.0 million men ages 25 and older with a bachelor's degree or higher education. More men than women have a professional or doctoral degree, but have a lower share of high school diplomas as well as associate's, bachelor's, and master’s degrees.

According to *School Enrollment in the United States*, by the U.S. Census Bureau, 56.9% of college students were female during the 2016-2017 academic year; 43.1% were male.

25.2 Purchasing Decision-Making

Eighty-five percent (85%) of purchasing decisions are made or influenced by women, according to The 85% Niche (www.85percentniche.com). Frank About Women (www.frankaboutwomen.com) puts the figure at 80%.

Findings of a study by Fleishman-Hillard (www.fleishman.com) reveal that women consider themselves the primary decision-maker in their home. Seventy-nine percent (79%) say their opinion determines family financial decisions, 74% are primarily responsible for buying groceries and basic supplies, and 55% are primarily responsible for paying the bills.

*Marketing to Men*, a study by Jacobs Media (www.jacobsmedia.com), reported that men and women share purchase decision-making for big ticket items as follows:

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole decision maker</td>
<td>24.4%</td>
<td>27.9%</td>
</tr>
<tr>
<td>Play a key role but share in decision</td>
<td>34.7%</td>
<td>27.8%</td>
</tr>
<tr>
<td>Share decision equally</td>
<td>36.7%</td>
<td>37.6%</td>
</tr>
<tr>
<td>Have some, but not primary, influence</td>
<td>2.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>No role in decision</td>
<td>0.5%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

A 2016 survey by Crosstap (www.crosstap.com) asked Millennial men who is the
primary decision maker for family-related purchases in their household. Responses were as follows:

- We try to share the decision-making evenly: 53%
- I definitely am the decision maker: 25%
- My spouse is the decision maker: 23%

In a survey by Yahoo!, men reported that they had become more involved in decision-making related to the following household purchases (percentage of respondents):

- Consumer packaged goods: 60%
- Apparel: 54%
- Housewares and household goods: 54%
- Personal care products: 53%
- Baby and child care products; toys: 50%

“As patterns of motherhood in the U.S. have shifted, so have patterns of fatherhood – with hyper-involved new dads getting much attention even as fathers who do not live with their kids at all have become common. Some aspects of father behavior get disproportionate attention, while others are neglected.”

eMarketer, 4/6/16

25.3 Engaging Moms

With significant influence over $2.4 trillion in annual household spending, mothers are an important market for brands. Determining the preferences of moms and keeping this cohort engaged is critical for businesses.

A recent study by PunchTab (www.punchtab.com) found that 81% of moms will engage more with a brand when offered some type of reward. The following is an assessment of engagement motivators:

- Would like free products and services from the brand: 83%
- Moms will engage more with a brand when some type of reward is in place: 81%
- Would be interested in a loyalty program for a parent company: 73%
- Would be interested in receiving perks associated with elite status (e.g. free shipping or branded merchandise) as reward: 67%
• Would sign up for regular mail updates when reward is offered: 59%
• Would share content on Facebook when offered reward: 50%
• Would share personal details and purchase behavior if offered incentive: 41%

A study by Babycenter (www.babycenter.com) found that moms are great at engaging other moms, with 59% of moms saying they’ve responded to a recommendation from other moms on parenting sites.

A survey by Burst Media (www.burstmedia.com) found the following are digital channels where mothers post about products/services:

<table>
<thead>
<tr>
<th>Channel</th>
<th>18-34</th>
<th>35-54</th>
<th>55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social network and sharing sites:</td>
<td>69.6%</td>
<td>55.4%</td>
<td>61.6%</td>
</tr>
<tr>
<td>Shopping/retail and e-commerce sites:</td>
<td>56.8%</td>
<td>51.7%</td>
<td>48.2%</td>
</tr>
<tr>
<td>Independent sites and blogs:</td>
<td>36.1%</td>
<td>29.8%</td>
<td>40.1%</td>
</tr>
<tr>
<td>Portals and news sites:</td>
<td>23.3%</td>
<td>10.5%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Other:</td>
<td>22.9%</td>
<td>22.0%</td>
<td>20.5%</td>
</tr>
</tbody>
</table>

25.4 Blurring Gender Roles

While women still do the majority of work in the home, studies have found that men are more involved domestically than in past decades.

According to Prof. Scott Coltrane, Ph.D., a sociologist and dean of the College of Arts & Sciences at University of Oregon, compared with the 1960s, the portion of housework done by men in couple households has doubled, with men now doing 30% of housework compared with only 15% in the past. Men have also tripled the amount of childcare they give.

According to Meet The Modern Dad, a study by The Parenting Group (www.parenting.com), fathers say the following tasks are mostly their responsibility:
• Grocery shopping: 49%
• Cooking: 43%
• Driving kids to/from school, activities and appointments: 39%
• Getting kids ready for school or daycare: 36%

A survey by Yahoo! (www.yahoo.com) found that 51% of men are primarily responsible in their household for grocery shopping. For laundry and cooking the percentages are 41% and 39%, respectively.

______________________________________________________________

“Men have long been discouraged from playing an equal role at home. That is, at last, starting to change.”

_The Economist, 6/16/16_
Despite the increase in their roles in the household, the vast majority of men still take a secondary role in household chores and childcare. Less than 3% of men are stay-at-home dads.

25.5 Blogs And Websites For Men

- 1001 Rules For My Unborn Son (http://rulesformyunbornson.tumblr.com)
- A Continuous Lean (www.acontinuouslean.com)
- A True Gentleman (http://atruegentlemen.blogspot.com)
- An Affordable Wardrobe (http://anaffordablewardrobe.blogspot.com/)
- Ape to Gentleman (www.apetogentleman.com)
- Articles of Style (www.articlesofstyle.com)
- Ask Andy About Clothes (www.askandyaboutclothes.com)
- Bespoke Post (www.bespokepost.com)
- Bonobos (http://equateur.bonobos.com)
- Cool Hunting (www.coolhunting.com)
- Dappered (www.dappered.com)
- Dudepins (www.dudepins.com)
- Dumb Little Man (www.dumblittleman.com)
- Esquire (www.esquire.com)
- Fashion Beans (www.fashionbeans.com)
- Fearless Men (www.fearlessmen.com)
- FitnessRX for Men (www.fitnessrxformen.com)
- Forum (http://forum.busjour.com)
- Gear Patrol (www.gearpatrol.com)
- Gentleman's Gazette (www.gentlemansgazette.com)
- George Hahn (www.georgehahn.com)
- GQ (www.gq.com)
- Guy Style Guide (www.guystyleguide.com)
- His Potion (www.hispotion.com)
- Hombre (www.hombre1.com)
- Huckberry (https://huckberry.com/journal)
- Image Granted (www.imagegranted.com)
- ITS Tactical (www.itstactical.com)
- Just A Guy Thing (www.justaguything.com)
- Life Of Dad (www.lifeofdad.com)
- Man Helper (www.manhelper.com)
- Man Made DIY (www.manmadediy.com)
- Manored (www.manored.com)
- Mantelligence (www.mantelligence.com)
- Mark’s Daily Apple (www.marksdailyapple.com)
- Maxim (www.maxim.com)
- Men’s Fitness (www.mensfitness.com)
- Men’s Journal (www.mensjournal.com)
• Men's Health (www.menshealth.com)
• Menprovement (www.menprovement.com)
• Playboy (www.playboy.com)
• Primer (www.primermagazine.com)
• Put This On (www.putthison.com)
• Real Men Real Style (www.realmenrealstyle.com)
• Selectism (www.highsnobiety.com/selectism/)
• Sharpologist (www.sharpologist.com)
• Stay Classic (www.stayclassicblog.com)
• Straight to the Bar (www.straighttothebar.com)
• Strong Lifts Blog (https://stronglifts.com/blog/)
• Style Forum (www.styleforum.net)
• Style Girlfriend (www.stylegirlfriend.com)
• The Aspiring Gentleman (www.theaspiringgentleman.com)
• The Bachelor Guy (www.thebachelorguy.com)
• The Quintessential Man (www.thequintessentialman.com)
• The Urban Gentleman (www.theurbangentleman.com)
• Uncrate (www.uncrate.com)
• Undershirt Guy Blog (www.undershirtgugblog.com)
• Urban Daddy (www.urbandaddy.com)
• Valet (www.valetmag.com)
• Zen Habits (www.zenhabits.com)

25.6 Blogs And Websites For Women
• 85 Broads (www.85broads.com)
• Babble (www.babble.com)
• Betty Confidential (www.bettyconfidential.com)
• Birds On the Blog (https://birdsontheblog.co.uk)
• BlogHer (www.blogher.com)
• CafeMom (www.cafemom.com)
• Care (http://blog.care.com)
• CareerDiva (www.evetahmicioglu.com/web/blog/)
• Catalyst (www.catalyst.org)
• Cool Mom (www.coolmom.com)
• Corporette (www.corporette.com)
• Daily Worth (www.dailyworth.com)
• Dames Bond (www.damesbond.com)
• Deal Seeking Mom (www.dealseekingmom.com)
• Dooce (https://dooce.com)
• Escape From Cubicle Nation (www.escapefromcubiclenation.com)
• Estée Lalonde (www.esteelalonde.com)
• Families and Work (www.familiesandwork.org/blog/)
• Feministe (www.feministe.us/blog/)
• Feministing (www.feministing.com)
• Femtrepreneur (www.femtrepreneur.co/blog)
• Frances Cole Jones (https://francescolejones.wordpress.com)
• From The Gen Y Perspective (www.emilyjasper.com)
• Gen Y Girl (www.lostgenygirl.com)
• Glamour (www.glamour.com)
• Healthy Women (www.healthywomen.org)
• Home-Based Working Moms (www.hbwm.com)
• InStyle (www.instyle.com)
• Jezebel (www.jezabel.com)
• Ladies Who Launch (www.ladieswholaunch.com)
• Lauren Conrad (www.laurenconrad.com)
• Laurie Ruettimann (http://laurieruettimann.com)
• LearnVest (www.learnvest.com)
• Lindsey Pollak (www.lindseypollak.com)
• Little Pink Book (www.littlepinkbook.com)
• Maggie Jackson (http://maggie-jackson.com/blog/)
• Martha Stewart (www.marthastewart.com)
• Modite (www.modite.com)
• Moms Rising (www.momsrising.org)
• More (www.more.com)
• Ms. Magazine (www.msmagazine.com)
• Ms. Money (www.msmoney.com)
• Mystic Madness (www.mysticmadness.com)
• Nie Nie Dialogues (www.nieniedialogues.com)
• Notes From Joana (http://notesfromjoana.com)
• On The Job by Anita Bruzzese (http://onthejob.45things.com)
• Oprah (www.oprah.com)
• Our Bodies, Ourseves (www.ourbodiesourselves.org/blog/)  
• Pioneer Woman (www.thepioneerwoman.com)
• Protocol School (www.protocolschooloftexas.com)
• Pure Wow (www.purewow.com)
• Rachael Ray (www.rachaelray.com)
• Real Simple (www.realsimple.com)
• She Finds (www.shefinds.com)
• She Takes On The World (www.shetakesontheworld.com)
• SheSpeaks (www.shespeaks.com)
• Start Up Princess (www.startupprincess.com)
• Tech Mamas (www.techmamas.com)
• The Blissful Mind (http://theblissfulmind.com)
• The Bloggess (www.thebloggess.com)
• The Boss Network (www.thebossnetwork.org)
• The Bump (www.thebump.com)
• The Every Girl (www.theeverygirl.com)
• The Football Girl (www.thefootballgirl.com)
• The Glass Hammer (www.theglasshammer.com)
• The Juggle (https://blogs.wsj.com/juggle/)
• The Knot (www.theknot.com)
• The Minimalista (www.msminimalista.com)
• Vogue (www.vogue.com)
• WAHM (www.wahm.com)
• Women Entrepreneurs (www.entrepreneur.com/topic/women-entrepreneurs)
• Women Fitness (www.womenfitness.net)
• Women For Hire (www.womenforhire.com)
• Women On Business (www.womenonbusiness.com)
• Women Success Coaching (http://womenssuccesscoaching.com/blog/)
• Woman’s Day (www.womensday.com)
• Women’s e-News (http://womensenews.org)
• Womens Forum (www.womensforum.com)
• Work It Mom (www.workitmom.com)
• Working Mother (www.workingmother.com)
• Works by Nicole Williams (www.nicolewilliams.com)
26

HISPANIC MARKETING

26.1 Overview

Census 2010 counted 50.5 million people of Hispanic or Latino origin, or 16% of the total U.S. population, a 43% increase from 10 years prior; the non-Hispanic population increased 5% during that period. The Hispanic-American population is projected to grow 167% from 2010 to 2050, compared to 42% for the total U.S. population.

The Hispanic- and Latino-American population at year-end 2016 was 56.7 million, or 17.5% of the total U.S. population.

The Census Bureau (www.census.gov) projects that by 2050 there will be 102.6 million Hispanics living in the U.S., constituting 24% of the population. The percentage is projected to rise to 28.6% by 2060.

26.2 Spending

The U.S. Census Bureau reported median income among Hispanic or Latino households at $54,644; the median for all U.S. households is $72,641.

The Selig Center for Economic Growth at the University of Georgia (www.selig.uga.edu) estimated Hispanic-American buying power in 2016 at $1.4 trillion, or 10% of total U.S. spending.

“In 2016, U.S. Hispanic buying power was larger than the gross domestic product of Mexico.”

Selig Center, 2/17

According to the Consumer Expenditure Survey, by the Bureau of Labor Statistics (www.bls.gov), Hispanic households spend more than the average non-Hispanic household on telephone services, men’s and boys’ clothing, children’s clothing, and footwear. Also, Hispanics spend a higher proportion of their money on food (groceries and restaurants), housing, utilities, and transportation. Hispanics spend
about the same as non-Hispanics on housekeeping supplies, furniture, appliances, women’s and girls’ clothing, and personal care products and services. Compared to non-Hispanics, they spend substantially less on alcoholic beverages, healthcare, entertainment, reading materials, education, tobacco products, cash contributions, and personal insurance and pensions.

26.3 Multicultural Agencies
According to Advertising Age (May 2017), the following are the agencies with the highest revenue in Hispanic-American marketing:

- Alma DDB (Omnicom): $36.3 million
- Conill (Publicis): $35.0 million
- Eventus (Advantage Solutions): $33.2 million
- Dieste (Omnicom): $26.1 million
- The Community (Publicis): $25.1 million

26.4 Use Of Media
Weekly media consumption among Hispanic-Americans and, for comparison, non-Hispanics is as follows (source: comScore [www.comscore.com]):

<table>
<thead>
<tr>
<th></th>
<th>Hispanic</th>
<th>Non-Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet (all screens)</td>
<td>8.7 hours</td>
<td>11.6 hours</td>
</tr>
<tr>
<td>TV:</td>
<td>8.3 hours</td>
<td>10.9 hours</td>
</tr>
<tr>
<td>Mobile phone:</td>
<td>4.1 hours</td>
<td>3.6 hours</td>
</tr>
<tr>
<td>Radio (including in-car):</td>
<td>3.5 hours</td>
<td>3.9 hours</td>
</tr>
<tr>
<td>Newspaper:</td>
<td>1.9 hours</td>
<td>2.0 hours</td>
</tr>
<tr>
<td>Magazine:</td>
<td>1.7 hours</td>
<td>1.6 hours</td>
</tr>
</tbody>
</table>

Pew Research Center (www.pewinternet.org) found that 60% of Hispanic mobile Internet users go online mostly using their smartphone; 34% of the overall U.S. population do so.

A survey by comScore found that Hispanics are more receptive to online advertising than are non-Hispanics. Responses of each group are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Hispanic</th>
<th>Non-Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am more likely to remember the brands I see advertised on my tablet than on offline media:</td>
<td>46%</td>
<td>37%</td>
</tr>
<tr>
<td>I am more likely to remember the brands I see advertised on my smartphone than on offline media:</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>Digital customer reviews and posts from friends or fans have compelled me to further inquire about the product being discussed:</td>
<td>38%</td>
<td>24%</td>
</tr>
<tr>
<td>If online advertising speaks to me, I am inclined to visit the website of the advertised brand:</td>
<td>38%</td>
<td>24%</td>
</tr>
<tr>
<td>Internet ads have motivated me to visit a retail store for the</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• I usually remember the brands I see advertised online, across all devices: 36% 20%
• I think brands that advertise on digital platforms are more innovative than those that advertise offline: 36% 20%
• I remember the brands advertised on a viral video: 31% 16%

26.5 Hispanic Media Spending

Based on data from Kantar Media (www.kantarmedia.com), Advertising Age reported annual Hispanic major media spending at $7.40 billion, distributed by media as follows:

- Network TV: $4.62 billion
- Spot TV: $1.28 billion
- Newspaper: $ 787 million
- Spot radio: $ 435 million
- Magazine: $ 378 million
- Cable TV: $ 288 million

The largest spenders in Hispanic media are as follows (source: Kantar Media):

- Genomma Lab International: $427 million
- Procter & Gamble Co.: $315 million
- Dish Network: $165 million
- AT&T: $135 million
- L’Oréal: $120 million
- T-Mobile: $117 million
- Johnson & Johnson: $101 million
- Verizon: $ 98 million
- General Motors: $ 95 million
- McDonald’s: $ 91 million
- SABMiller: $ 90 million
- Nissan Motor Co.: $ 86 million
- Walmart: $ 84 million
- Comcast: $ 79 million
- State Farm Mutual: $ 78 million
- Sprint: $ 75 million
- Univision: $ 74 million
- Toyota: $ 71 million
- PayPal: $ 68 million
- Anheuser-Busch InBev: $ 66 million
- Mars: $ 63 million
- General Mills: $ 62 million
- U.S. Government: $ 59 million
- Grupo Televisa: $ 58 million
• Ford Motor Co.: $ 55 million
• Constellation Brands: $ 53 million
• Hershey: $ 51 million
• Church & Dwight: $ 51 million
• Expedia: $ 51 million
• AllState: $ 50 million
• Target: $ 49 million
• ITT Educational Services: $ 47 million
• Charter Communications: $ 45 million
• Samsung Electronics: $ 43 million
• Fiat Chrysler: $ 43 million
• Home Depot: $ 42 million
• Yum! Brands: $ 42 million
• PepsiCo: $ 42 million
• Nestlé: $ 40 million
• Macy’s: $ 40 million
• Honda Motor Co.: $ 39 million
• Kraft Heinz: $ 37 million

26.6 Top Hispanic Media

Media usage among Hispanic households is as follows (sources: Advertising Age [August 2016], Arbitron, Cision, comScore, Media Economics Group, Nielsen):

Magazines
• People en Español: 1,098 ad pages
• Latina: 699 ad pages
• TV Notas: 676 ad pages
• Vanidades: 562 ad pages
• TV y Novelas: 509 ad pages
• Cosmopolitan en Español: 334 ad pages
• Simpre Mujer: 285 ad pages

Newspapers
• El Nuevo Dia: 190,099 circulation
• Primera Hora: 129,700 circulation
• La Opinion: 92,289 circulation
• El Nuevo Herald: 71,318 circulation
• El Visitante Catolico: 65,000 circulation
• Hoy: 62,000 circulation
• El Bravo - Brownsville Edition: 55,000 circulation
• El Diario/La Prensa: 52,780 circulation
• El Mexicano: 50,000 circulation
• Diario Las Americas: 47,390 circulation
### Radio Stations
- **KIIS-FM (Los Angeles):** 1.93 million weekly cumulative listeners
- **KBIG-FM (Los Angeles):** 1.80 million weekly cumulative listeners
- **KLVE-FM (Los Angeles):** 1.76 million weekly cumulative listeners
- **KOST-FM (Los Angeles):** 1.67 million weekly cumulative listeners
- **WSKQ-FM (New York):** 1.66 million weekly cumulative listeners
- **KRTH-FM (Los Angeles):** 1.57 million weekly cumulative listeners
- **KPWR-FM (Los Angeles):** 1.52 million weekly cumulative listeners
- **KAMP-FM (Los Angeles):** 1.45 million weekly cumulative listeners
- **KLYY-FM (Los Angeles):** 1.37 million weekly cumulative listeners
- **WXNY-FM (New York):** 1.37 million weekly cumulative listeners

### Social Networks
- **Facebook:** 31.42 million unique monthly visitors
- **Twitter:** 19.88 million unique monthly visitors
- **LinkedIn:** 18.91 million unique monthly visitors
- **Google+:** 13.93 million unique monthly visitors
- **Pinterest:** 17.62 million unique monthly visitors
- **Tumblr:** 16.35 million unique monthly visitors
- **Snapchat:** 16.05 million unique monthly visitors
- **Reddit:** 8.46 million unique monthly visitors
- **Goodreads:** 2.82 million unique monthly visitors
- **VK.com:** 2.59 million unique monthly visitors

### Spanish-Language Cable Networks
- **Galavisión:** 67.7% of all Hispanic TV households
- **NBC Universo:** 50.6% of all Hispanic TV households
- **Univision Deportes:** 50.6% of all Hispanic TV households
- **Fox Deportes:** 42.5% of all Hispanic TV households
- **ESPN Deportes:** 38.1% of all Hispanic TV households
- **BeIN Sport Español:** 33.5% of all Hispanic TV households
- **Discovery en Español:** 26.5% of all Hispanic TV households
- **Discovery Familia:** 25.4% of all Hispanic TV households
- **Nat Geo Mundo:** 22.4% of all Hispanic TV households
- **Fox Life:** 19.1% of all Hispanic TV households

### TV Networks
- **Univision:** 1.12 million Hispanic households
- **Telemundo:** 908,000 Hispanic households
- **ABC:** 369,000 Hispanic households
- **NBC:** 319,000 Hispanic households
- **UniMás:** 313,000 Hispanic households
- **CBS:** 295,000 Hispanic households
- **Fox:** 232,000 Hispanic households
“Fifty-seven million Latinos are a mighty market for media.”

The Economist

### 26.7 Use Of Coupons

The *2017 Coupon Intelligence Report*, by Valassis ([www.valassis.com](http://www.valassis.com)), reported coupon-related activities by Hispanic-Americans and, for comparison, the total U.S. adult population, as follows:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Hispanics</th>
<th>All Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search for deals in store circulars:</td>
<td>91%</td>
<td>84%</td>
</tr>
<tr>
<td>Find print coupons (newspapers, mail, coupon books):</td>
<td>88%</td>
<td>83%</td>
</tr>
<tr>
<td>Print coupons from the Internet:</td>
<td>85%</td>
<td>75%</td>
</tr>
<tr>
<td>Download paperless discounts onto store ID/loyalty card:</td>
<td>81%</td>
<td>68%</td>
</tr>
</tbody>
</table>

“U.S. Hispanic Internet users overindex for every activity related to coupons, discounts and deals – digital or not – compared with Internet users overall, according to a survey from direct marketing company Valassis.”

eMarketer, 3/7/17
26.8 Market Resources
Center for Hispanic Marketing Communications, Florida State University, 3127, Building C, FSU University Center, Tallahassee, FL 32306. (http://hmc.comm.fsu.edu/)


*The Multicultural Economy, The Selig Center for Economic Growth at the University of Georgia, 2017. (www.terry.uga.edu/selig/buying_power.html)*
PART V: ANALYSES
27

ANALYTICS

27.1 Overview

Marketing organizations use analytics to determine the outcomes of campaigns or efforts and to guide decisions for investment and consumer targeting.

Analytics software can include the following functions:

• Analyze ad performance
• Automated reports and marketing dashboards
• Capture and incorporate customer feedback
• Data warehousing, reporting, and analysis
• Marketing mix analysis
• Mine data to develop predictive models
• Prospect segmentation and targeting
• Real-time reporting of users’ interests and behaviors
• Strategic and financial performance management

Web analytics software can include the following functions:

• Combine data sets from online advertising, rich media, and search campaigns
• Data on website traffic
• Integration to drive dynamic Web content
• Mobile analytics
• Optimize customer acquisition, conversion, and retention
• Reporting on real-time hits, page views, sessions, path analysis, and visitors
• Search engine bid management
• Social media measurement

27.2 Analytics Technology Products

The following are vendors of marketing analytics software:

CallSource

• Product: Results
• Website: www.callsource.com

IBM Corporation

• Product: IBM Real-Time Analytics Matching Platform (RAMP)
• Website: www.ibm.com/us/en
IBM SPSS
- Products: IBM SPSS Data Collection, IBM SPSS Modeler, IBM SPSS Statistics
- Website: http://www-01.ibm.com/software/analytics/spss

Infegy
- Product: Social Radar
- Website: www.infegy.com

Infor
- Product: Infor 10x Analytics
- Website: www.infor.com

MicroStrategy
- Products: MicroStrategy Intelligence, MicroStrategy Mobile
- Website: www.microstrategy.com

MLS Data Management Solutions
- Product: MLS Data Management Solutions
- Website: www.mlsc.com

Oracle
- Products: Oracle Business Development Foundation, Oracle Business Intelligence Applications, Oracle Scoreboard and Strategy Management
- Website: www.oracle.com

Sailthru
- Product: SmartData
- Website: www.sailthru.com

SAP
- Products: BusinessObjects Intelligent Search, BusinessObjects Text Analysis, BusinessObjects VizServer
- Website: www.sap.com

SAS
- Products: SAS Analytics, SAS Business Analytics, SAS Customer Intelligence
- Website: www.sas.com

Teradata
- Products: Data Warehouse Database Systems, Master Data Management
- Website: www.teradata.com
VeraCentra
  • Products: VeraCentra Intelligence, VeraCentra Segmentation and Modeling Services
  • Website: www.veracentra.com

Xert Communications Corp.
  • Product: Xert Precision Suite
  • Website: www.xert.com

27.3 Web Analytics Technology Products
  The following are vendors of web analytics software:

Adobe Systems
  • Products: Adobe Analytics, Adobe Discover, Adobe Genesis Insight, DigitalPulse, Search&Promote, SiteCatalyst, TagManager, Test&Target
  • Website: www.adobe.com

Bridgeline Digital
  • Product: iAPPS Analyzer
  • Website: www.bridgeline.com

Clicky Web Analytics
  • Products: Clicky Web Analytics, Twitter Analytics
  • Website: www.clicky.com

Google
  • Product: Google Analytics
  • Website: www.google.com/analytics

IBM Enterprise Marketing Management
  • Products: IBM Digital Analytics, IBM Digital Analytics Accelerator, IBM Digital Analytics for Social Media, IBM Digital Analytics Impression Attribution, IBM Digital Analytics Lifecycle, IBM Digital Analytics Multichannel, IBM Digital Analytics Multisite
  • Website: http://www-03.ibm.com/software/products/en/category/marketing

Pardot, a Salesforce company
  • Product: Pardot Marketing Automation
  • Website: www.pardot.com

Parker Software
  • Product: WhosOn
  • Website: www.parker-software.com
Sailthru
• Product: SmartData
• Website: www.sailthru.com

SAP
• Product: SAP Business Intelligence
• Website: www.sap.com

SAS
• Products: SAS Web Analytics
• Website: www.sas.com

Webtrends
• Product: Webtrends Stream
• Website: www.webtrends.com
28

BIG DATA

28.1 Overview

Big Data refers to the application of advanced computing tools with vast troves of data. Big Data incorporates customer data, competitive data, online data, offline data, and other data sets for business intelligence.

In a survey by Connoteate (www.connoteate.com), half of business executives agreed on the following definition of Big Data: An aggregate of all external and internal web-based data. Others define it as the mass amounts of internal information stored and managed by an enterprise, or web-based data and content businesses use for their own operations.

However Big Data is defined, it is clear that the business world is being transformed by Big Data as more and more companies seek actionable insights from the mountains of raw data that they store or have access to.

In a survey by Millward Brown Digital (www.millwardbrowndigital.com), 40% of marketing executives cited Big Data as the largest opportunity for marketers in 2015. But, the survey found declines in marketing executives’ comfort with Big Data. Only 14% of marketers said the feel confident with their company’s use of Big Data.

“Marketers don’t yet feel comfortable navigating all of the data that is at their fingertips.”

The Wall Street Journal

In a survey of U.S. Chief Financial Officers (CFOs) and Chief Information Officers (CIOs) by KPMG (www.kpmg.com), 63% said that their company had changed its business strategy because of Big Data; 56% of large companies worldwide had done so.
28.2 Market Assessment

Wikibon (www.wikibon.org) estimates 2016 spending in the U.S. for Big Data hardware, software, and services at $35 billion, a figure which is projected to increase to $50 billion by 2018.

Market leaders are as follows:

• IBM: $1.35 billion
• HP: $ 664 million
• Teradata: $ 435 million
• Dell: $ 425 million
• Oracle: $ 415 million
• SAP: $ 368 million
• EMC: $ 336 million
• Cisco Systems: $ 214 million
• Microsoft: $ 196 million
• SAS Institute: $ 187 million

McKinsey & Company (www.mckinsey.com) has billed Big Data as the next $100 billion market opportunity.

28.3 Key Players

Large computing and IT companies garner over 90% of the U.S. Big Data market. Dozens of small startups specializing in Big Data have entered the market.

The following are companies active in the U.S. Big Data market (sources: Advertising Age [www.adage.com/bigdataguide], Forbes, and Wikibon):

• 1010data* (www.1010data.com)
• Accenture (www.accenture.com)
• Actian* (www.actian.com)
• Actuate (www.actuate.com)
• Adobe (www.adobe.com/solutions/digital-analytics/big-data.html)
• Aerospike* (www.aerospike.com)
• Alteryx* (www.alteryx.com)
• Amazon Web Services (http://aws.amazon.com/big-data/)
• Attivio (www.attivio.com)
• Basho* (www.basho.com)
• Booz Allen Hamilton (www.boozallen.com)
• Capgemini (www.capgemini.com/big-data-analytics)
• Cloudera* (www.cloudera.com)
• Couchbase* (www.couchbase.com)
• Datalogix (www.datalogix.com/marketers-guide-to-big-data-partners/)
• Datameer* (www.datameer.com)
• DataStax* (www.datastax.com)
• Dell (http://software.dell.com/solutions/big-data-analytics/)
• Deloitte (www.deloitte.com)
• Digital Reasoning* (www.digitalreasoning.com)
• Direct Data Networks (www.ddn.com)
• Distillery* (www.distillery.com)
• EMC (www.emc.com/campaign/bigdata/index.htm)
• Epsilon (www.epsilon.com)
• Evidon* (www.evidon.com/analytics)
• eXelate* (www.exelate.com)
• Experian Marketing Services (www.experian.com/marketingservices)
• Fractal Analytics* (www.fractalanalytics.com)
• Fusion-IO (www.fusionio.com)
• Google (https://developers.google.com/bigquery/)
• Hitachi Data Systems (www.hds.com/solutions/big-data/)
• Hortonworks* (www.hortonworks.com)
• IBM (http://www-01.ibm.com/software/data/bigdata/)
• Informatica (www.informatica.com/us/vision/harnessing-big-data/)
• Intel (www.intel.com/bigdata)
• Jaspersoft (www.jaspersoft.com)
• Jupiter Networks (www.juniper.net/us/en/solutions/enterprise/data-center/)
• Kognito* (www.kognito.com)
• Krux* (www.krux.com)
• Lucidworks* (www.lucidworks.com)
• Mapr* (www.mapr.com)
• Marklogic (www.marklogic.com/what-is-marklogic/big-data-search/)
• Microstrategy (www.microstrategy.com)
• MongoDB (www.mongodb.com)
• Netapp (www.netapp.com)
• Neustar* (www.neustar.biz)
• Opera Solutions* (www.operasolutions.com)
• Oracle (www.oracle.com/bigdata)
• Oracle Eloqua (www.eloqua.com)
• Palantir* (www.palantir.com)
• Pentaho (www.pentaho.com)
• Pervasive Software (www.pervasive software.com)
• PricewaterhouseCoopers (www.pwc.com/us/en/increasing-it-effectiveness/big-data.jhtml)
• Qliktech (www.qliktech.com)
• Rackspace (www.rackspace.com)
• RadiumOne* (www.radiumone.com)
Applications In Consumer Marketing

Among all areas of application for Big Data, surveys indicate that the greatest opportunities are related to consumer marketing.

A survey of business executives by the IBM Institute for Business Value (http://www-935.ibm.com/services/us/gbs/thoughtleadership/) reported primary objectives of current Big Data programs as follows (percentage of respondents):

- Customer-centric outcomes: 49%
- Operational optimization: 18%
- Risk/financial management: 15%
- New business models: 14%

In a study by Vanson Bourne (www.vansonbourne.com), improving the customer experience (60%) and the need to get new customers (54%) were the leading factors driving the need for Big Data projects.

A survey by NewVantage Partners (www.newvantage.com) reported business functions that are driving investments in Big Data as follows (percentage of respondents):

- Sales, marketing: 77%
- Risk management, fraud, security, regulatory compliance, monitoring: 68%
- New product development and innovation: 64%
- Research, discovery: 64%
- IT and operational management: 64%
- Customer, CRM, personalization: 62%
- Corporate strategy, planning: 52%

Organizations are most interested in the following types of Big Data applications (source: NewVantage Partners):
• Customer transaction data: 82%
• Financial data: 75%
• Market data: 68%
• Social media data: 65%
• Behavioral data: 65%
• Fraud detection data: 62%
• External data sources (e.g., demographics): 61%
• Text data (e.g., documents, voice data, pictures): 57%

“Companies’ increased customer focus, demand for business growth and expansion and the need to keep up with competitors are all fueling Big Data adoption.”

eMarketer

In a survey by Gartner (www.gartner.com), business and IT executives identified the top three priorities for Big Data applications as follows (percentage of respondents):

<table>
<thead>
<tr>
<th>#1</th>
<th>#2</th>
<th>#3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhanced customer experience:</td>
<td>23%</td>
<td>18%</td>
</tr>
<tr>
<td>Process efficiency:</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>New products/new business models:</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>More targeted marketing:</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Cost reduction:</td>
<td>8%</td>
<td>12%</td>
</tr>
</tbody>
</table>

A survey by Forbes Insights (www.forbes.com/forbesinsights) and Rocket Fuel (http://rocketfuel.com) asked brand executives what marketing initiatives have most benefitted from the use of Big Data. Responses were as follows (percentage of respondents):

• Increasing insights into consumer behavior: 52%
• Increasing sales: 47%
• Increasing lead generation: 42%
• Increasing customer satisfaction: 41%
• Increasing ROI: 39%

When asked the leading benefits of Big Data, brand executives responded as follows (percentage of respondents):

• Developing greater insight into the customer experience across all types of media, and then crafting a strategy
that turns this understanding into positive results: 63%
• Using customer feedback to pinpoint the types of products that consumers want, and then acting on them: 50%
• Dissecting customer behavior to understand when, where, and under what circumstances consumers engage with brands and make purchases: 44%
• Understanding customer opinion about products and services: 42%
• Fine-tuning marketing initiatives in real time: 31%

In a survey by Spencer Stuart (www.spencerstuart.com) marketing executives said they see impact of Big Data analytics as follows (percentage of respondents):

<table>
<thead>
<tr>
<th>Current</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEO/SEM/email/SMS marketing:</td>
<td>58%</td>
</tr>
<tr>
<td>Customer segmentation:</td>
<td>49%</td>
</tr>
<tr>
<td>Marketing strategy:</td>
<td>41%</td>
</tr>
<tr>
<td>Loyalty/retention programs:</td>
<td>36%</td>
</tr>
<tr>
<td>Social media analysis:</td>
<td>35%</td>
</tr>
<tr>
<td>Brand strategy:</td>
<td>22%</td>
</tr>
<tr>
<td>Social media outreach:</td>
<td>18%</td>
</tr>
<tr>
<td>Non-digital advertising:</td>
<td>14%</td>
</tr>
<tr>
<td>Product/service development:</td>
<td>14%</td>
</tr>
<tr>
<td>Customer service:</td>
<td>13%</td>
</tr>
</tbody>
</table>

28.5 Implementation

Overall, corporations see opportunities related to Big Data as outweighing the challenges. When asked in a survey by the CMO Council (www.cmocouncil.org) how their organization viewed Big Data, responses were as follows (percentage of respondents):

• Part opportunity/part obstacle, but we have a long way to go: 61%
• Part opportunity/part obstacle, and we’re almost there: 19%
• Full opportunity - we have the storage, processing capacity, and skilled personnel to use the analytics we need: 15%
• Full obstacle - it strains our data storage capacity and our internal processes and we’re unable to harness data for consistent, confident decision-making: 5%

Since 2012, New Vantage Partners has conducted the Big Data Executive Survey, a survey of senior Fortune 1000 business and technology decision makers. Big Data Executive Survey 2017 found that 95% of Fortune 1000 companies have made significant investments in Big Data initiatives during the past five years. Investments have been as follows (percentage of companies):

• > $1 billion: 6.5%
• $500 million to $999 million: 4.8%

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- $100 million to $499 million: 25.9%
- $50 million to $99 million: 6.5%
- < $50 million: 45.2%
- Data not available: 11.1%

Companies reported Big Data initiatives and successful results as follows (percentage of companies):

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Started</th>
<th>Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease expenses through operational cost efficiencies</td>
<td>72.6%</td>
<td>49.2%</td>
</tr>
<tr>
<td>Establish a data-driven culture</td>
<td>69.4%</td>
<td>27.9%</td>
</tr>
<tr>
<td>Create new avenues for innovation and disruption</td>
<td>64.5%</td>
<td>44.3%</td>
</tr>
<tr>
<td>Accelerate the speed with which new capabilities and services are deployed</td>
<td>64.5%</td>
<td>31.1%</td>
</tr>
<tr>
<td>Launch new product and service offerings</td>
<td>62.9%</td>
<td>36.1%</td>
</tr>
<tr>
<td>Monetize Big Data through increased revenue and new revenue streams</td>
<td>54.8%</td>
<td>32.8%</td>
</tr>
<tr>
<td>Transform and reposition business for the future</td>
<td>51.6%</td>
<td>27.9%</td>
</tr>
</tbody>
</table>

Fifty-six percent (56%) of Fortune 1000 companies had a Chief Data Officer in 2017, an increase from 12% that had one in 2012.

Fortune 1000 companies assess the business results of Big Data investment as follows:

- Highest success: 21.0%
- Highly successful: 27.3%
- Moderately successful: 32.4%
- Too early to tell: 17.7%
- Failure: 1.6%

“A vast majority of executives (80.7%) view their Big Data investments as having successfully generated business benefits; 48.4% of executives classified their Big Data efforts as highly successful or transformative.”

*Big Data Executive Survey 2017*
New Venture Partners, 1/17
29.1 Elements Of Branding

The integral elements of branding are name, logo, and slogan.

Brand Names

• According to Prof. Jennifer J. Argo, Ph.D., an expert on branding at the School of Business at the University of Alberta, “Companies have spent millions of dollars choosing their brands and their brand names, and they’ve been picked explicitly to have an influence on consumers.”

__________________________________________________________

“We often hear comments like: ‘Names don’t matter. What matters is the quality of the product and service. But names do matter. Names are the way consumers file ideas in their minds.”

Laura Ries, President
Ries & Ries

__________________________________________________________

• Researchers have identified several strategies that companies could use to create effective brand names. Some naming strategies produce brand names that explicitly convey information about the product or its attributes (e.g., DieHard auto batteries). Other strategies may result in names that are not obviously connected to the product’s features. An example is the use of sound symbolism, which focuses on the impact of the linguistic structure of brand names on consumer perceptions (e.g., Prozac communicates efficacy through the letter ‘z’).
• Hearing the spoken names of certain brands is known to stimulate cravings and subsequently influence spending habits. Investigating this influence on consumer behavior, Prof. Argo found that audible exposure to repetitive-sounding brand names across several product categories favorably affects how consumers perceive and choose items. The research, published in the Journal of Marketing, showed
that exposure to a brand name that has sound repetition in its phonetic structure and is spoken aloud produces a positive response, favorably affecting consumers' brand evaluations, reactions to cross-selling, and product choice. Examples include Coca-Cola, Jelly Belly, and Kit Kat.

• Domino’s Pizza recently changed its name to Domino’s. Domino’s dropped the term ‘pizza’ because its stores have a wide variety of other items, including pasta, salad, wings, chicken sandwiches, dessert, and more. The word ‘pizza’ was deemed unnecessary because most consumers still associate the fast-food chain named Domino’s with pizza.

• Famous corporate name changes include About.com (originally The Mining Co.), America Online - AOL (originally Quantum Computer Services), Best Buy (originally Sound of Music), Cingular (originally Cellular One), Compaq (originally Bridge Gate Computers), Ebay (originally AuctionWeb), Google (originally Backrub), Hertz Rent-A-Car (originally DrivUrSelf), International Business Machines – IBM (originally Computing Tabulating Recording Company), Java (originally Oak Software), L’Oréal (originally Cosmair), MySpace.com (originally FreeDiskSpace.com), Navistar (originally International Harvester), Netscape (originally Mosaic Systems), Nike (originally Blue Ribbon Sports), Nintendo (originally Marafuku), Nissan (originally Datsun), Oracle (originally Software Development Labs), Paypal (originally Confinity), Playboy (originally Stag Party), Starbucks (originally Il Giornale Coffee Company), Subway (originally Peter’s Super Submarines), Tide (originally Dreft), United Parcel Service - UPS (originally Merchant's Parcel Delivery), Walkman (originally Sound Around), Yahoo! (originally Jerry’s Guide to the World Wide Web), and Yum! Brands (originally Tricon).

Logo
• “If in the business of communications, ‘image is king,’ the essence of this image, the logo, is the jewel in its crown,” according to Paul Rand, a graphic designer who designed the IBM, ABC, Cummins Engine, and Westinghouse logos, which have been in use for decades.

• Advertising Age estimated that a logo change can cost a large corporation several hundred million dollars. A major part of that cost is removing the old logo everywhere it appears and putting up new material. For a brand like Pepsi, for example, which changed its logo in 2008, this includes logo changes on trucks, vending machines, stadium signage, point-of-sale materials, and more – around the world.

• A trend in logo design is to create an image that makes a company appear likable. According to Hamish Smyth, a partner at Pentagram (www.pentagram.com), a lot of companies have used what we call humanist sans-serif fonts in the past two years or so. A new go-to style is round and squat rather than angular or elongated. Facebook, for example, recently introduced a roomier look in its logo.
“No study has been done on whether friendlier logos improve business – or even whether letters can be ‘friendly’ in the first place – but fonts have been shown to influence perception. New styles suggest an effort to appear more accessible.”

_Bloomberg Businessweek, 9/17/16_

- There has been an evolution of logos in the tech sector. Google, which has made minor logo adjustments every few years, most recently in 2016, is one example. Like most early tech companies, Google started out with logos that were messes of drop shadows and 3D shading. Those versions were friendly but in a dorky way which helped people accept digital interface. The most recent design retains the primary colors and playfully tilted “e” but introduces a new typeface. Called Product Sans, the update disposes of serifs, those flicks on the ends of letters, and uses fatter strokes reminiscent of kindergarten lesson books. The spaces within the two “g”s and two “o”s are near-perfect circles. The prior iteration was flat with elegant lines.

“We think we’ve taken the best of Google (simple, uncluttered, colorful, friendly) and recast it not just for the Google of today, but for the Google of the future.”

_Google press release, 9/16_

**Slogans**

- Slogans are coined to crystallize defining characteristics of a brand. A good slogan is short – thus easy to remember – and clever. Some slogans have become so famous they have entered day-to-day lingo.
- The following are some of the most popular brand slogans:
  - Allstate Insurance Co.: “You’re in good hands with Allstate.”
- American Express: “Don’t Leave Home Without It.”
- Apple Computer: “Everything is easier on a Mac.”
- Apple iPod: “1,000 songs in your pocket.”
- AT&T: “Reach out and touch someone.”
- AT&T Wireless: “How Many Bars Do You Have?”
- Bacardi: “You know when it’s Bacardi.”
- BMW: “The ultimate driving machine”
- Bounty: “The quicker picker-upper”
- Budweiser: “When you say Budweiser, you’ve said it all.”
- Burger King: “Have it your way”
- Calvin Klein: “Between Love and Madness Lies Obsession.”
- Charmin: “Please don’t squeeze the Charmin.”
- Coca-Cola: “It’s the real thing.”
- DeBeers: “Diamonds are forever.”
- Disneyland: “The Happiest Place on Earth.”
- Foster’s: “Australian for beer.”
- Gatorade: “Is it in you?”
- Goodyear Tires: “The best tires in the world have Goodyear written all over them.”
- Honda: “The Power of Dreams”
- Jaguar: “Born to Perform”
- Johnnie Walker: “Keep Walking”
- Kellogg’s Rice Krispies: “Snap! Crackle! Pop!”
- KFC: “Finger lickin’ good”
- Lay’s: “Betcha can’t eat just one.”
- Lee Jeans: “Lee. The jeans that built America.”
- M&Ms: “The milk chocolate melts in your mouth, not in your hand.”
- Maxwell House: “Good to the last drop.”
- McDonald’s: “I’m lovin’ it!”
- Meow Mix: “Tastes so good cats ask for it by name.”
- Miller: “It’s Miller time!”
- Morton Salt: “When it rains, it pours!”
- Nescafé: “One thing leads to another.”
- Nike: “Just do it!”
- Nokia: “Connecting people.”
- Pepsi: “The choice of a new generation.”
- Pepsodent: “You’ll wonder where the yellow went when you brush your teeth with Pepsodent.”
- Porsche: “Porsche – There is No Substitute.”
- Reebok: “I am what I am.”
- Sony: “Like no other.”
- State Farm Insurance: “Like a good neighbor, State Farm is there.”
- Subway: “Eat fresh.”
- *The New York Times*: “All the news that’s fit to print.”
- Timex: “Takes a licking and keeps on ticking”
- U.S. Army: “Be all you can be.”
- United Airlines: “Fly the friendly skies.”
- Verizon: “Can you hear me now?”
- Visa: “It’s Everywhere You Want To Be.”
- Volkswagen: “Volkswagen. Drivers wanted.”
- Wheaties: “Breakfast of champions.”
- Wrangler: “Wrangler. There’s a bit of the West in all of us.”
- Yahoo!: “Do you... Yahoo!?”

• Aside from the most popular slogans, consumer association of brands with slogans is poor. In a survey published in the *Journal of Advertising Research*, of 649 slogans of national brands that were tested by Chiranjeev Kohli, Ph.D., a marketing professor at California State University Fullerton, three fourths were recalled by less than 1% of consumers. Even the most memorable slogans don’t perform that great. The most memorable slogan – “Just do it” for Nike – was recalled by 58% of those interviewed, followed by 38% for McDonald’s “I’m lovin’ it,” and 28% for Burger King’s “Have it your way.”

• Among the best slogans are those that are two-sided. It says something about a brand and also differentiates the brand from its competition. “Eat Fresh” is an example of a two-sided slogan. It implies that Subway serves only fresh food, and also that other fast-food chains do not. “Have It Your Way” is another two-sided slogan. It says that Burger King will prepare your hamburger the way you like it while its major competitors will not.

“A two-sided slogan is like a two-sided knife, it cuts both ways. It says something positive about your brand and something negative about the competition. It’s difficult to find many examples of two-sided slogans. [Companies] seldom give much thought about what to say about the competition.”

Laura Ries, President
Ries & Ries
29.2 Sensory Branding

Scent marketing is becoming increasingly important as brands search for innovative ways to distinguish themselves. According to a study published in the *Global Journal of Commerce and Management Perspective*, ambient scent has the strongest impact when it comes to enhancing consumer behavior in terms of emotion, evaluation, willingness to return to a store and purchase intention. Smells are more quickly and strongly associated with memories than visual or auditory cues, because smell is the only sense directly connected to the brain’s limbic system, which houses emotions and memories.

Among consumer business sectors, hotels have done a particularly good job at using scent to create sensory environments. Sheraton Hotels & Resorts, for example, uses Welcoming Warmth, a mix of fig, jasmine, and freesia, while Westin Hotel & Resorts disperses White Tea, which attempts to provide the “Zen-retreat” experience. Marriott offers different scents for its airport, suburban, and resort properties. According to Mitzi Gaskins, global brand director for JW Marriott, scent is just as important as music, lighting and botanical elements in creating the right mood.

Scent branding has also been used in retail stores. Abercrombie & Fitch, one of the first retailers to use the approach, has scented its stores with Fierce, the brand’s signature scent and men’s cologne, since 2008. Samsung’s stores use a proprietary scent developed by International Flavors & Fragrances (IFF) that influences customers to spend an average of 20% to 30% more time mingling among the electronics products. IFF also reproduced the smell of a new pair or sneakers that is dispersed in some Foot Locker stores.

“We’re where music was 15 years ago. You wouldn’t walk into an established retailer today without some sort of music playing, but that wasn’t the case 15 or 20 years ago. You can walk into a beautifully designed space, and it’s rendered meaningless if there’s a bad smell or an absent smell. Industries as varied as retail, hospitality, auto dealers and financial services are now looking to scent as a way to better define their brands.”

Roger Bensinger, Exec. V.P.
Executive V.P.
AirQ by Prolitec
*Advertising Age*
Ford Motor Co.’s Lincoln brand disperses its signature scent, Essence of Lincoln, through ventilation systems in select showrooms. The scent is said to exude luxury and warmth, with profiles of green tea to encourage a sense of upscale well-being and jasmine to create a relaxing atmosphere.

Florida-based Ocean Bank scents each of its 21 branches with Ocean Blue. The bank is considering scented checkbook covers and pens.

Advances in technology are set to enhance the use of scents in the marketplace. Researchers at the University of California in San Diego, for example, have built “smell-o-vision” prototypes, compact TV accessories that can emit thousands of scent options in tandem with on-screen action or commercials. With this technology, perfume scents could be emitted during a Chanel spot and herbal scents released during a McCormick ad.

ScentWorld Events (www.scentworldevents.com) estimates annual spending on scent marketing at $350 million; the annual growth rate is $15%.

29.3 Color Branding
Multi-colored logos and designs associated with a brand may be artistic, but logos with single colors win memorability, according to Laura Ries, President of Ries & Ries (www.ries.com). The following are some examples of brands that have a strong color identity:
• The Golden Arches of McDonald’s
• The blue boxes of Tiffany & Co.
• The red cans of Coca-Cola
• The pink ribbons of Susan G. Komen for the Cure
• The brown trucks of UPS

“When consumers rent a car at an airline terminal, they usually head for a color instead of a name: yellow for Hertz, red for Avis, and green for National.”

Laura Ries, President
Ries & Ries
BUY AMERICAN INITIATIVES

30.1 Preference For U.S.-Made Products

In a recent Harris Poll (www.harrisinteractive.com), 61% of adults said they are more likely to purchase something when an ad touts it is ‘Made in America,’ 3% said they are less likely to buy it, and 35% said they are uninfluenced either way.

The following are demographics of consumer influence by ‘Made in America’:

<table>
<thead>
<tr>
<th>Age</th>
<th>Much More Likely</th>
<th>Somewhat More</th>
<th>Neither</th>
<th>Less Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-to-34:</td>
<td>15%</td>
<td>29%</td>
<td>52%</td>
<td>4%</td>
</tr>
<tr>
<td>35-to-44:</td>
<td>20%</td>
<td>42%</td>
<td>37%</td>
<td>1%</td>
</tr>
<tr>
<td>45-to-54:</td>
<td>29%</td>
<td>37%</td>
<td>30%</td>
<td>4%</td>
</tr>
<tr>
<td>55 and older:</td>
<td>39%</td>
<td>37%</td>
<td>22%</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Much More Likely</th>
<th>Somewhat More</th>
<th>Neither</th>
<th>Less Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>East:</td>
<td>22%</td>
<td>38%</td>
<td>36%</td>
<td>3%</td>
</tr>
<tr>
<td>Midwest:</td>
<td>32%</td>
<td>35%</td>
<td>31%</td>
<td>2%</td>
</tr>
<tr>
<td>South:</td>
<td>25%</td>
<td>35%</td>
<td>36%</td>
<td>4%</td>
</tr>
<tr>
<td>West:</td>
<td>26%</td>
<td>32%</td>
<td>38%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Overall        | 26%              | 35%           | 35%     | 3%          |

A poll by The New York Times had findings consistent with Harris Poll.

“The two-thirds of Americans say they check labels when shopping to see if they are buying American goods, according to a New York Times poll taken early this year. Given the example of a $50 garment made overseas, 46% said they would be willing to pay from $5 to $20 more for a similar garment made in the United States.”

The New York Times
Other surveys have found preference to be even higher. In a survey by Boston Consulting Group (BCG, www.bcg.com), 80% of adults said they preferred U.S.-made goods and that they are willing to pay more for them.

30.2 Buy American Initiatives

Recognizing consumers’ preference for domestic products, many companies incorporate Made In America messaging into their marketing and advertising campaigns.

Mass Market Retailers identified the following suppliers of retail products that are committed to manufacturing in the United States and who promote this in their ads:

- Advanced Beauty Inc. (www.advancedbeauty.com)
- Alliance Rubber Co. (www.rubberband.com)
- American Greetings Corp. (www.americangreetings.com)
- Annin Flagmakers (www.annin.com)
- AP&G Inc. (www.catchmaster.com)
- Arcadia Farms Inc. (www.arcadiafarms.com)
- Beaumont Products (www.beaumontproducts.com)
- Bryson Industries (www.brysonusa.com)
- Bullet Aids (www.bulletacneaid.com)
- Burke Brands LLC (http://alternativeorigincoffee.com)
- California Scents (www.californiascents.com)
- Cameron Smith & Associates Inc. (www.csarecruiters.com)
- Capital Cups Inc. (www.usakidscups.com)
- Carma Laboratories Inc. (www.mycarmex.com)
- Chemence Inc. (www.chemence-us.com)
- Continental Consumer Products (www.salongrafix.com)
- Garcoa Laboratories (www.garcoa.com)
- Gloria Duchin Inc. (www.gloriaduchin.com)
- Huhtamaki Inc. (www.us.huhtamaki.com)
- Kraft Foods Group (www.kraftfoodsgroup.com)
- Lion Brand Yarn (www.lionbrandyarn.com)
- LNK International (www.lnkintl.com)
- McLane Co. (www.mclaneco.com)
- Onyx Brands (www.onyxbrands.com)
- Osram Sylvania Inc. (www.sylvania.com)
- Red Heart Yarns (www.redheart.com)
- Scandinavian Tobacco Group Lane Ltd. (www.stglane.com)
- Seventh Generation Inc. (www.waterbobble.com)
- Shiloh Technologies (www.shilohtech.com)
- Splintek (www.sleepright.com)
- Vitatech Nutritional Sciences Inc. (www.vitatech.com)
- Wahl Clipper Corp. (www.wahlhomeproducts.com)
“The slogan ‘Buy American’ may strike some as a sales pitch, or as a way to push American manufacturing. But it can be more than that. By promoting a made-in-the-USA brand, we believe that impression could generate further brand loyalty.”

Marsha Martin, CEO
Onyx Brands
*Mass Market Retailers*

Walmart announced plans to spend an additional $50 billion through 2023 on U.S.-made goods over the next decade. Other companies also recently announced initiatives to bring manufacturing back to the U.S. Apple, for example, announced that it would manufacture some of its Mac product line domestically. Apparel retailer Club Monaco has launched lines and products marketed specifically as Made in America.

“Not since the 1970s has ‘Made in America’ been such a hot way to market your product.”

*Advertising Age*

**30.3 Maker’s Row**

Maker’s Row ([www.makersrow.com](http://www.makersrow.com)) is an online directory that contains profiles of some 8,000 U.S. manufacturers.

On the Maker’s Row website, manufacturers get a basic listing for free or pay about $50 a month for more elaborate profile pages that may include photos of finished products and video tours of factories; $200 a month buys priority placement in search results. Registered users – the site has 80,000 – get basic manufacturer information for free or pay $20 a month.
Maker’s Row also offers educational content, including a free six-week online course called Production 101. The company has opened an online store showcasing the wares of its designers.

“The Made in America emphasis has turned Maker’s Row into a darling of politicians. Democratic Senator Cory Booker of New Jersey helped shepherd a slew of Newark factories into the database. And a Maker Faire was hosted by the White House last year.”

Bloomberg Businessweek, 11/7/16
31

BUY LOCAL INITIATIVES

31.1 Buying Local

According to the Institute for Local Self-Reliance (www.ilsr.org), for every $100 spent at a locally owned store, $45 remains in the local economy, compared with about $13 per $100 spent at a national chain retailer.

“Locally owned businesses create more jobs locally and, in some sectors, provide better wages and benefits than chains do. Compared to chain stores, locally owned businesses recycle a much larger share of their revenue back into the local economy, enriching the whole community.”

Stacy Mitchell, Senior Researcher
Institute for Local Self-Reliance

Civic Economics (www.civiceconomics.com) estimated that if San Francisco Bay Area consumers shifted 10% of their spending from national chains to local businesses, the impact would be $192 million in increased economic activity for the region and almost 1,300 new jobs.

According to Time, 82% of consumers actively support local or neighborhood businesses.

31.2 Select Initiatives

Most states have programs that encourage residents to buy local. The following is a selection of programs:

• Alabama: www.fma.alabama.gov/buy_fresh.htm
• Alaska: www.buyalaska.com
Similarly, some cities have launched initiatives to encourage residents to shop at locally owned businesses. The following are some example programs:

- **Buffalo, NY:** [www.thepartnership.org/buylocal](http://www.thepartnership.org/buylocal)
- **Gainesville, FL:** [www.gainesvillechamber.com/member-services/buylocal/](http://www.gainesvillechamber.com/member-services/buylocal/)
- **Pasadena, CA:** [http://cityofpasadena.net/Pasadena_First/](http://cityofpasadena.net/Pasadena_First/)
- **Philadelphia, PA:** [www.sbnphiladelphia.org/initiatives/](http://www.sbnphiladelphia.org/initiatives/)
- **Portland, ME:** [www.portlandbuylocal.org](http://www.portlandbuylocal.org)
- **Portsmouth, VA:** [www.portsmouthva.gov/buy-local.aspx](http://www.portsmouthva.gov/buy-local.aspx)
- **Scarborough, ME:** [www.buylocalscarborough.org](http://www.buylocalscarborough.org)
- **Steamboat Springs, CO:** [www.steamboat-chamber.com/info/buy.local.asp](http://www.steamboat-chamber.com/info/buy.local.asp)
32

CAUSE MARKETING

32.1 Overview

Today’s consumers are looking more and more at the societal impacts of companies they do business with. For many, the actions and perceived attitudes of companies are strong influences. As such, companies are increasing their roles among today’s causes and issues.

Cone Inc. (www.coneinc.com) defines cause marketing, also called cause branding, as a business strategy that helps an organization stand for social issues and social impacts while making an emotional and relevant connection to customers. Cause branding is a powerful vehicle that brings a company’s values to life. It is a multi-dimensional strategy, integrating and maximizing philanthropy, community relations, marketing, and human resources to build brand equity, enhance reputation, cultivate trust, and positively influence stakeholder behavior, while also improving society.

According to Barkley (www.barkley.com) and PR Week, 75% of companies engage in some form of cause marketing.

32.2 Spending


By category, retail and financial services are the most active sectors sponsoring causes, in part, because of the transactional nature of their business.

_________________________________________________________________

“Retail in general, particularly department stores, have always been active in supporting community causes. It’s the nature of the retail segment to be involved.”

Jim Andrews, Senior V.P.
IEG
Marketing Daily

_________________________________________________________________
Among individual companies, Bank of America leads in cause marketing (18% of causes reported BoA as a sponsor), followed by Coca-Cola (14%), and Wells Fargo (13%).

### 32.3 Effectiveness

According to Performance Research ([www.performanceresearch.com](http://www.performanceresearch.com)), 41% of U.S. consumers believe companies can best improve brand perceptions by increasing their cause sponsorships – this ahead of sports and arts/cultural categories. Wendy Liebmann, chief executive at WSL Strategic Retail ([www.wslstrategicretail.com](http://www.wslstrategicretail.com)), found that a store that “supports the community or worthwhile causes” ranked No. 8 in a list of the 10 reasons shoppers consider a store as their favorite.

Though mothers and Millennials are generally noted as most strongly supporting causes, a survey by Barkley found that patronage of companies that support causes cuts across generational and gender lines. Fifty-five percent (55%) of men said they would pay more for a brand or product that supported a cause they cared about, and 67% said they would try a new brand because of a cause.

In the Barkley survey, men said they are most likely to support the following types of causes (percentage of respondents):

- Causes that affect children: 20%
- General health-related causes: 18%
- Poverty-related causes: 12%
- Animal welfare-related causes: 11%
- Disaster-related causes: 10%
- Health-related causes that affect men: 9%
- Environmental causes: 8%

In a recent survey by Cone Inc., 41% of people said they have bought a product because it was associated with a cause.

### 32.4 Cause Marketing Halo Awards

The Cause Marketing Halo Awards (13th annual), presented by the Cause Marketing Forum ([www.causemarketingforum.com](http://www.causemarketingforum.com)), recognizes one business and one nonprofit organization each for their leadership and outstanding efforts in the pursuit of doing well by doing good. The 2017 honorees were Allstate and WE. The following campaigns were also honored in 2017:

**Digital Category**

- Gold: Call of Duty Personalization Pack: Activision Blizzard & Call of Duty Endowment
Education Category
- Silver: Igniting Youths’ Passion for STEM: HughesNet and 4-H

Employee Engagement Category
- Gold: Xylem Watermark: Xylem, Inc.
- Silver: Viacomcommunity: Viacom

Environmental/Animal Category
- Gold: Centennial Essentials: REI Co-Op & National Park Foundation
- Silver: Petfinder 20th Anniversary: Nestle Purina & 20 Rescue Shelters

Health Category
- Gold: Cycle for Survival: Ten Years of Impact: Equinox & Memorial Sloan Kettering Cancer Center
- Silver: Prescription for Good: Watertree Health & Make-a-Wish

Message-Focused Category
- Gold: Home Fire Drill Day: Nationwide & Safe Kids Worldwide
- Silver: Rock the Vote: iHeartMedia, Funny or Die & Rock the Vote

Point of Sale Category
- Gold: Give Big for Kids: Big Lots & Nationwide Children’s Hospital
- Silver: Hunger Is: Albertsons Companies Foundation & Entertainment Industry Foundation

Social Services Category
- Gold: The Judgement Free Generation: Planet Fitness, BGCA, STOMP Out Bullying
- Silver: Hunger Is: Albertsons Companies Foundation & Entertainment Industry Foundation

Transactional Category
- Gold: Follow the Liters: LifeStraw
- Silver: #ShareYourEars: Walt Disney Parks and Resorts & Make-A-Wish

Video Category
- Gold: Impact of a Wish: WestJet & Make a Wish Canada
- Silver: Here to Stay: Spotify & Kealing Middle School

32.5 Compassionate Consumerism
Brands that donate a percentage of sales proceeds to humanitarian causes, a concept that retail analysts call compassionate consumerism, are increasingly popular.
The following are some such brands:

**Ethos Water**
- Ethos Water, a subsidiary of Starbucks, was created with the social mission of helping children get clean water. Five cents (5¢) of each sale of Ethos Water goes to the Starbucks Foundation, which supports water, sanitation, and hygiene education programs in water-stressed countries. As of May 2017, $12.3 million had been granted to support programs benefitting more than 500,000 people around the world.

**FEED Projects**
- FEED Projects sells handbags, T-shirts, and accessories and donates a percentage of profits to United Nations anti-hunger programs.

**Krochet Kids**
- Founded in 2008, Krochet Kids International, whose slogan is “Buy a Hat. Change a Life”, empowers women in Uganda and Peru by training and employing them to craft hats and other clothing. Items are sold at most Whole Foods stores, at boutiques, and online.

**Threads for Thought**
- Urban Outfitters stores feature apparel by Threads for Thought, which gives part of its sales proceeds to humanitarian groups including the International Rescue Committee and the National Resources Defense Council.

**TOMS**
- Launched in 2007, TOMS is the originator of the one-for-one concept and is credited with giving rise to the compassionate consumerism phenomenon. TOMS donates a pair of shoes to a child who lives in poverty for every pair of shoes sold.

**Treasure & Bond**
- Owned by Nordstrom and located in the SoHo district of New York City, Treasure & Bond sells apparel and accessories from smaller brands and designers, with store profits going to a rotating roster of local charities.

**Warby Parker**
- Warby Parker, an eyewear company founded in 2010, donates a pair of glasses for each pair it sells. Rather than donate glasses using a more traditional “one-for-one” model, Warby Parker funds the production of a pair of eyeglasses for non-profit organization VisionSpring, which VisionSpring in turn sells either directly to consumers or companies. As of mid-2017, Warby Parker had distributed over two million pairs of eyeglasses to people in need.
“When done right, altruistic retailing strategies do good and make donors feel good, too.”

*Bloomberg Businessweek*

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32.6 Market Resources

Cause Marketing Forum, 63 Overlook Place, Rye, NY 10580. (866) 205-8480.
(www.causemarketingforum.com)
CELEBRITY ENDORSEMENTS

33.1 Effectiveness of Celebrity Endorsements

In a recent Harris Poll (www.theharrispoll.com), consumers, by age, said they found the following types of celebrities most persuasive when endorsing a product in an ad:

- Athletes: 18-to-34: 24%, 35-to-44: 21%, 45-to-55: 20%, 55 & older: 19%, Total: 19%
- Television or movie stars: 18-to-34: 23%, 35-to-44: 21%, 45-to-55: 15%, 55 & older: 15%, Total: 15%
- Singers or musicians: 18-to-34: 13%, 35-to-44: 15%, 45-to-55: 17%, 55 & older: 12%, Total: 12%
- Former political figures: 18-to-34: 13%, 35-to-44: 9%, 45-to-55: 9%, 55 & older: 8%, Total: 8%

For brands using celebrity endorsers, the possibility of a scandal poses a risk. But the actual impact of such scandals is actually less than might be expected. Harris Poll found that 74% of consumers are not impacted when a celebrity endorser gets involved in a scandal. The following are opinions by age:

- No impact on brand: 18-to-34: 68%, 35-to-44: 77%, 45-to-55: 70%, 55 & older: 81%, Total: 74%
- Feel worse about brand: 18-to-34: 21%, 35-to-44: 18%, 45-to-55: 18%, 55 & older: 19%, Total: 22%
- Feel better about brand: 18-to-34: 11%, 35-to-44: 5%, 45-to-55: 1%, 55 & older: <1%, Total: 5%

Celebrity endorsements are particularly effective for cause marketers. Fifty-three percent (53%) of adults said in a Harris Poll that celebrities make a positive difference for their cause; 15% said they made a large difference. By generation, those who said celebrity endorsers make a difference were as follows (percentage of respondents):

- Large Difference: Millennials: 18%, Generation X: 14%, Baby Boomers: 15%, Seniors: 12%, All adults: 15%
- Some Difference: Millennials: 39%, Generation X: 39%, Baby Boomers: 34%, Seniors: 38%, All adults: 37%
- Total: Millennials: 57%, Generation X: 53%, Baby Boomers: 49%, Seniors: 50%, All adults: 53%
“Whether it’s to spread awareness of a disease or a conflict in another country, or even to help pass or stop a piece of legislation, celebrities get involved in causes hoping that their name recognition will help spur others to also get involved.”

Harris Poll

33.2 Brand Ambassadors

Traditionally, celebrities have been paid simply to appear in ads. A recent trend is to retain celebrities as brand ambassadors, in most cases giving them a role in how a brand is presented in the marketplace. In some instances, celebrities hold a stake in the company.

The following are some celebrity-brand partnerships:

- 50 Cent: VitaminWater
- Alicia Keys: BlackBerry
- Ashton Kutcher: PopChips
- Beyoncé: Pepsi
- Fergie: Markwins
- Gwen Stefani: HP
- Justin Timberlake: Bud Light Platinum, Callaway Golf
- Katy Perry: Eylure
- Lady Gaga: Polaroid
- Taylor Swift: Diet Coke
- will.i.am: Intel
“Now brands aren’t just featuring celebs in marketing campaigns, they’re giving stars a place in the marketing suite. The model for these tie-ups is a partnership anointing A-listers with lofty titles like Chief Creative Officer, Head of Creative Design, Chief Innovator, and Brand Ambassador. Styling celebrities as ambassadors is an attempt to position the tie-up as more authentic at a time when consumers have become more cynical about endorsements.”

Advertising Age

33.3 Celebrity-Branded Merchandise
According to The Licensing Letter, annual retail sales of celebrity-licensed merchandise in the U.S. are $5.34 billion. Entertainment celebrities account for $2.44 billion of the total.

“With the fragmentation of today’s marketplace and the constantly evolving consumer trends, brands face more challenges than ever before in retailing loyalty. One thing that has not changed, however, is Americans’ fascination with celebrities. Increasingly, brands and celebrities are finding opportunities with each other through licensing partnerships. A recent brand-license survey indicates that 75% of retail buyers believe that celebrity-endorsed products sell better than non-endorsed merchandise.”

Mass Market Retailers
33.4 Consumer Perceptions Of Celebrities

The Davie-Brown Index (DBI), developed by the celebrity talent division of The Marketing Arm (http://themarketingarm.com/davie-brown-entertainment.html), rates consumer perceptions of approximately 3,000 celebrities. Based on a 1.5 million-member consumer research panel, the DBI provides marketers with a systematic approach for quantifying the use of celebrities in their advertising and marketing initiatives. The list is updated weekly.

Klout Score (http://klout.com/corp/score) measures the influence of celebrities and others on social networks. Klout weighs more than 400 data points, including the number of Twitter mentions and Facebook fans, and assigns a 1-to-100 score representing influence.
34

CONTENT MARKETING

34.1 Overview

Branded content includes anything created on behalf of a brand – be it company website content, a YouTube video, Facebook page, or mobile app – and hosted directly by the brand. Branded content, also referred to as sponsored content and native advertising, educates, entertains, amuses, informs, and otherwise serves a function or satisfies a customer need.

“Content marketing differs from advertising in two fundamental ways. First, content resides on owned or earned media. If there’s a media buy involved, it’s advertising, not content marketing. Second, content marketing is a pull, rather than a push, strategy. Content doesn’t interrupt, it attracts.”

Advertising Age

Paid content that looks like editorial content can be deceptive. In a 2016 Harris Poll (www.theharrispoll.com), 82% of adults said that if a company pays to place content that looks like an article and doesn’t look like an ad, the news media should disclose the paying company. Still, 62% of adults said they are comfortable with companies paying to publish articles that look like news as long as there is a disclaimer.

34.2 B2C Use Of Content Marketing

Content Marketing Institute (CMI, www.contentmarketinginstitute.com) reports use of content marketing by B2C marketers as follows (percentage of respondents):

- 2012: 86%
- 2013: 90%
2014: 77%
2015: 76%
2016: 86%

*B2C Content Marketing: 2017 Benchmarks, Budgets and Trends*, by CMI, reported the percentage of B2C marketing budgets allocated to content marketing as follows:
- 0%: 2%
- 1% to 9%: 25%
- 10% to 24%: 17%
- 25% to 49%: 12%
- 50% to 74%: 8%
- 75% to 99%: 3%
- 100%: 2%
- Budget data not available: 31%

### 34.3 Content Spending

According to The Content Council ([www.thecontentcouncil.com](http://www.thecontentcouncil.com)), businesses spend $43.9 billion annually for content marketing. Distribution is as follows:

<table>
<thead>
<tr>
<th>Creation/Production</th>
<th>Distribution</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print/traditional media</td>
<td>$16.3 billion</td>
<td>$ 8.5 billion</td>
</tr>
<tr>
<td>Digital media:</td>
<td>$ 8.3 billion</td>
<td>$ 5.1 billion</td>
</tr>
<tr>
<td>Events, video, and other</td>
<td>$ 3.6 billion</td>
<td>$ 1.7 billion</td>
</tr>
<tr>
<td>Total:</td>
<td>$28.4 billion</td>
<td>$15.7 billion</td>
</tr>
</tbody>
</table>

Of total content spending, $27.7 billion, or 63%, is B2C; 37% is B2B.

A survey by Curata ([www.curata.com](http://www.curata.com)) reported the following content marketing mix:
- Original content: 65%
- Curated content: 35%
- Syndicated content: 10%

### 34.4 Content Marketing Tactics

*The State of B2C Content Marketing*, by CMI and *Advertising Age*, reported content marketing tactics used by marketers as follows (percentage of respondents):
- Social media (excluding blogs): 88%
- Articles on website: 78%
- E-newsletters: 76%
- Videos: 72%
- Blogs: 72%
- In-person events: 65%
• Articles on other websites: 61%
• Mobile content: 46%
• Microsites: 43%
• Case studies: 41%
• Infographics: 40%
• Mobile apps: 39%
• Online presentations: 39%
• Print magazines: 37%
• Branded content tools: 37%
• White papers: 31%
• Digital magazines: 30%
• Webinars/webcasts: 30%
• Annual reports: 30%
• Print newsletters: 29%
• Research reports: 28%
• Licensed/syndicated content: 25%
• Books: 24%
• eBooks: 23%
• Podcasts: 19%
• Virtual conferences: 18%
• Games/gamification: 17%

Among marketers that use social media in their content marketing programs, social media sites used to distribute content are as follows (percentage of respondents):
• Facebook: 89%
• Twitter: 80%
• YouTube: 72%
• LinkedIn: 71%
• Google+: 55%
• Pinterest: 53%
• Instagram: 32%
• SlideShare: 19%
• Flickr: 18%
• Tumblr: 18%
• foursquare: 16%
• Vimeo: 16%
• StumbleUpon: 13%
• Vine: 13%

34.5 Blogs
According to a survey by WP Engine (www.wpengine.com), 46% of consumers read the blogs of their favorite brands. The following are other key findings of the
survey:

- Forty-eight percent (48%) feel that it's important for a brand to include brand content on their blog to assure customers have the most up-to-date information.
- Forty percent (40%) believe there are negative effects if brands do not provide content on their blogs to prevent losing communication with customers and keeping the brand more relevant.
- Forty percent (40%) prefer to read content directly from a company blog rather than a news magazine or website.
- Fifty-two percent (52%) prefer to go directly to the company website for content about the brand, vs. 25% going to social media and 22% to third-party articles.
- Sixty percent (60%) want to see content directly from brands, including articles on important issues (27%), research on the company’s industry (16%), and funny stories (12%).
- Ninety-six percent (96%) of consumers do not want to see stories about how celebrities use a company’s products.

### 34.6 Assessing ROI

In a survey by the Content Marketing Institute, B2C content marketers reported using the following metrics to measure the ROI of content campaigns (percentage of respondents):

- Web traffic: 62%
- Sales: 54%
- SEO ranking: 39%
- Higher conversion rates: 39%
- Time spent on website: 38%
- Qualitative feedback from customers: 35%
- Subscriber growth: 34%
- Customer renewal rates: 26%
- Benchmark lift of company awareness: 23%
- Inbound links: 23%
- Benchmark lift of product/service awareness: 21%
- Sales lead quantity: 16%
- Sales lead quality: 15%
- Cost savings: 15%

### 34.7 Content Marketing Agencies

Appendix F of this handbook provides a list of content marketing agencies.
34.8 Market Resources
Content Marketing Institute, 17040 Amber Drive, Cleveland, OH 44111. 
(888) 554-2014. (www.contentmarketinginstitute.com)

The Content Council, 355 Lexington Avenue, 15th Floor, New York, NY 10017. 
(212) 297-2191. (www.thecontentcouncil.org)
35

COUPONS

35.1 Consumer Use Of Coupons

According to the 2K17 Valassis Coupon Intelligence Report, by Valassis (www.valassis.com), 90% of adults used coupons in 2017, the same percentage as in 2016. The percentages by generation in 2016 and 2017 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials:</td>
<td>88%</td>
<td>94%</td>
</tr>
<tr>
<td>Generation Xers:</td>
<td>92%</td>
<td>90%</td>
</tr>
<tr>
<td>Baby Boomers:</td>
<td>90%</td>
<td>89%</td>
</tr>
<tr>
<td>All adults:</td>
<td>90%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Frequency of coupon use was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always:</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Very often:</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Sometimes:</td>
<td>37%</td>
<td>36%</td>
</tr>
<tr>
<td>Rarely:</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Never:</td>
<td>10%</td>
<td>7%</td>
</tr>
</tbody>
</table>

The types of coupons used in 2017 were as follows (percentage of respondents):

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>Gen Xers</th>
<th>Boomers</th>
<th>All Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail:</td>
<td>89%</td>
<td>85%</td>
<td>85%</td>
<td>86%</td>
</tr>
<tr>
<td>In-store:</td>
<td>89%</td>
<td>87%</td>
<td>82%</td>
<td>85%</td>
</tr>
<tr>
<td>Newspaper:</td>
<td>86%</td>
<td>81%</td>
<td>79%</td>
<td>82%</td>
</tr>
<tr>
<td>Print from Internet:</td>
<td>84%</td>
<td>80%</td>
<td>76%</td>
<td>79%</td>
</tr>
<tr>
<td>Smartphone:</td>
<td>89%</td>
<td>79%</td>
<td>54%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Consumers prefer the following types of coupons:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail:</td>
<td>40%</td>
<td>44%</td>
</tr>
<tr>
<td>Newspaper:</td>
<td>38%</td>
<td>37%</td>
</tr>
<tr>
<td>Internet downloaded to loyalty card:</td>
<td>31%</td>
<td>37%</td>
</tr>
<tr>
<td>Print from Internet:</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>Smartphone:</td>
<td>24%</td>
<td>32%</td>
</tr>
</tbody>
</table>
“There’s still one way paper beats digital – paper coupons are still far more commonly used.”

eMarketer, 2/17/17

Websites used to search for coupons were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer websites</td>
<td>57%</td>
<td>70%</td>
</tr>
<tr>
<td>Brand websites</td>
<td>53%</td>
<td>70%</td>
</tr>
<tr>
<td>Coupon websites</td>
<td>53%</td>
<td>68%</td>
</tr>
<tr>
<td>Search engines</td>
<td>49%</td>
<td>65%</td>
</tr>
<tr>
<td>Lines from blogs</td>
<td>44%</td>
<td>62%</td>
</tr>
<tr>
<td>Social networks</td>
<td>37%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Consumers say they are most interested in using coupons for the following types of retail:

- Groceries: 94%
- Cosmetics/beauty products: 60%
- Restaurants: 60%
- Apparel: 54%
- Household items: 46%

### 35.2 Redemption

Inmar (www.inmar.com) estimates the total number of consumer packaged goods (CPG) coupons redeemed as follows:

- 2000: 4.4 billion
- 2001: 3.9 billion
- 2002: 3.7 billion
- 2003: 3.5 billion
- 2004: 3.2 billion
- 2005: 3.0 billion
- 2006: 2.6 billion
- 2007: 2.6 billion
- 2008: 2.6 billion
- 2009: 3.3 billion
- 2010: 3.3 billion
- 2011: 3.5 billion
- 2012: 2.9 billion
- 2013: 2.9 billion
- 2014: 2.8 billion
- 2015: 2.5 billion
- 2016: 2.2 billion

Note: Estimate based on coupons that are processed through clearinghouses; mobile coupons and some digital coupons do not go through clearinghouses.
Coupon redemption in America peaked in 1992, at the end of a recession, when 7.9 billion coupons were redeemed. There was a significant drop off in coupon redemption in 2012 as the U.S. economy improved from the 2009 recession, a trend which continued through 2016.

Of the approximately 350 billion coupons issued each year, the redemption rate is about 0.6%. Consumers collectively saved $3.5 billion by redeeming coupons in 2016, according to NCH Marketing Services (www.nchmarketing.com).

Redemption is distributed by retail category as follows (source: Coupon Facts):
- Grocery stores: 55%
- Mass merchandisers: 27%
- Drug stores: 8%
- Military commissaries: 4%
- Other: 7%

35.3 Influence On Purchases
The 2K17 Valassis Coupon Intelligence Report reported the following influence of coupons on purchase decision-making (percentage of respondents):
- Store choice is influenced by coupons: 84%
- Switch stores to take advantage of weekly specials: 82%
- Decide which store to shop based on use of paper coupons: 77%
- Decide which store to shop based on use of paperless discounts received on a smartphone or mobile device and/or downloaded onto store ID/loyalty card: 67%

35.4 Mobile Coupons/Discounts
Koupon Media (www.kouponmedia.com) estimates the number of adult mobile coupon users as follows:
- 2013: 61 million
- 2014: 79 million
- 2015: 93 million
- 2016: 104 million

eMarketer (www.emarketer.com) assesses and forecasts the number of adult mobile coupon users as follows:
- 2014: 82 million
- 2015: 98 million
- 2016: 112 million
- 2017: 123 million
- 2018: 131 million
- 2019: 137 million
- 2020: 142 million

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Redemption captured by offers that shoppers load directly to their retailer loyalty accounts via a mobile device is dubbed 'load-to-card' (L2C). According to Inmar, L2C grew 20% between 2015 and 2016. In comparison, share of redemption for paper coupons found in the Sunday newspaper (free-standing inserts; FSI) fell 10% over the same period. The L2C redemption rate was 6.2% in 2016.

“Shopper behavior research finds shoppers reporting – for the first time ever – that consumers use L2C offers more often than coupons found in FSIs or store circulars. This activity is continuing confirmation that shopper behavior is irrevocably changing – with convenience becoming an increasingly important factor in determining whether or not shoppers engage with coupons.”

Inmar, 2/14/17

The 2K17 Valassis Coupon Intelligence Report reported smartphone/mobile device use in shopping as follows (percentage of U.S. adults):

- Download paperless discounts onto store ID/loyalty card in the store: 61%
- Switch brands based on a discount notification I receive on smartphone/mobile device in the store: 58%
- Search for discounts on smartphone/mobile device in the store: 55%
- Make a purchase based on a mobile notification in the store: 51%

Use of smartphone apps in 2017 was as follows (percentage of U.S. adults):

- Grocery/drug store/supercenter savings app: 51%
- Coupon app: 44%
- Cash back/points app: 41%
- In-store shopping rewards app: 39%
- Shopping list app: 34%
- Deal comparison app: 32%

Fifty-three percent (53%) of adults scan receipts to receive cash back or points. For many people, engagement with redeeming discounts with their mobile device is more than simply saving money. In a survey by Valassis, one-third say they feel “rewarded” by the number of deals/savings received in a given day via text, social, and app notification.
36.1 Overview
A survey by Principal Financial Group (www.principal.com) found that consumers generally prefer communications with companies and brands via email. In lieu of email communications, consumers are open to in person, postal mail, and telephone communications when appropriate. Less than 10% of consumers prefer to be contacted via social media, online chat, and text message.

“Be wary of how far you tilt your customer service toward social media. Even among Millennials, Internet users still prefer more old-fashioned types of communication – including digital ones, of course. Email is Millennials’ channel of choice for communicating with retailers. The idea of ‘tried and true’ may be a common way of denigrating email as unsexy, but sometimes unsexy works.”

eMarketer

36.2 Preferred Communications By Sector
When asked by Principal Financial Group their preferred method of contact by brands in various sectors, responses were as follows:

Financial Institutions
- Email: 43%
- In person: 22%
- Postal mail: 15%
- Telephone: 11%
- Online chat: 5%
- Text message: 3%
- Social media: 2%

**Insurance Companies**

- Email: 42%
- Telephone: 19%
- In person: 14%
- Postal mail: 13%
- Online chat: 5%
- Social media: 4%
- Text message: 4%

**Retailers**

- Email: 47%
- In person: 28%
- Postal mail: 8%
- Social media: 6%
- Telephone: 5%
- Online chat: 5%
- Text message: 2%

**Wellness Centers**

- Email: 43%
- In person: 28%
- Postal mail: 9%
- Social media: 9%
- Telephone: 6%
- Text message: 3%
- Online chat: 2%

### 36.3 Promotions

CrossView (www.crossview.com) found shoppers’ preference for delivery of retail promotions as follows:

- Email: 37%
- Mailer: 23%
- Text message: 18%
- In-store: 11%
- Social media: 9%
- Other: 3%
36.4 Customer Service  
According to the Customer Service Barometer, by American Express (www.americanexpress.com), the preferred channel for making customer service inquiries is as follows:

**Simple Inquiry**
- Email or company website: 36%
- Speaking with a person by telephone: 14%
- Telephone automated voice-response system: 12%
- Face-to-face: 9%
- Online chat/instant messaging: 9%
- Smartphone app: 9%
- Text message: 6%
- Social network: 5%

**More Complex Inquiry**
- Speaking with a person by telephone: 37%
- Face-to-face: 19%
- Email or company website: 17%
- Online chat/instant messaging: 12%
- Telephone automated voice-response system: 5%
- Social network: 4%
- Smartphone app: 3%
- Text message: 3%

**Difficult Inquiry**
- Speaking with a person by telephone: 48%
- Face-to-face: 24%
- Email or company website: 10%
- Telephone automated voice-response system: 5%
- Online chat/instant messaging: 4%
- Smartphone app: 3%
- Social network: 3%
- Text message: 2%

36.5 Text Message Communications  
While consumers generally do not like receiving unsolicited text messages from brands, they often prefer texting when they initiate the communications.

In a 2016 survey by Ovum (www.ovum.com), respondents said they would prefer to send a text rather than call a company for the following reasons (percentage of respondents):
- Less time consuming: 44%
- More convenient: 42%
• Less frustrating: 30%
• Enables me to ask the company to text: 26%
• To have a record of the communication: 19%
• Less expensive way of contacting a company: 17%

A 2016 survey by Mobile Ecosystem Forum (https://mobileecosystemforum.com) found that 65% of mobile users have communicated with businesses via mobile apps; 76% have done so via SMS. Messaging with businesses was reported as follows (percentage of respondents):

<table>
<thead>
<tr>
<th></th>
<th>SMS</th>
<th>App</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank or financial institution</td>
<td>33%</td>
<td>22%</td>
</tr>
<tr>
<td>Consumer goods provider</td>
<td>26%</td>
<td>15%</td>
</tr>
<tr>
<td>Website/email service provider</td>
<td>24%</td>
<td>17%</td>
</tr>
<tr>
<td>Order information communication</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>School or university</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>Appointment confirmation</td>
<td>16%</td>
<td>11%</td>
</tr>
<tr>
<td>Healthcare professional</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Employer</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Social or sports club</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Airline</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Utility</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Government department/local authority</td>
<td>9%</td>
<td>6%</td>
</tr>
</tbody>
</table>
37.1 Overview

Customer relationship management, or CRM, is defined as the tools, technologies, and procedures to manage, improve, or facilitate sales, support, and related interactions with customers, prospects, and business partners throughout a company.

CRM involves the use of technology to optimize business processes through organization, synchronization, and automation. This optimization primarily involves activities related to sales, but may also involve activities related to technical support, marketing, and customer service. The primary goals of CRM are related to discovering and engaging new customers as well as maintaining relationships with established customers, restoring relationships with former customers, and minimizing resources used on marketing and serving customers.

“The universal rule of thumb in businesses, or the 80-20 rule, states that 80% of a business’s sales come from 20% of its customers; this goes to show the importance of customer relationship management. Without a CRM, a sale is just a one-time sale; you create a loyal customer and improve his buying frequency only by ensuring proper service.”

RelationshipManagement.org

Successful implementation of CRM may yield higher productivity in sales; streamlined marketing and sales processes; improved levels of service, retention and loyalty; increases in cross-selling and up-selling; higher rates of closes; increased efficiency in call centers; reductions in expenses; more accurate targeting and profiling; higher overall levels of profit; increases in market shares, and marginal costs.
CRM is used extensively in B2C sectors where a close relationship with clients is essential. CRM is most applicable for high cost products or services, and where spending per customer is high.

### 37.2 Benefits Of CRM

A 2016 survey by Insightly (www.insightly.com) asked marketing executives the ways in which use of CRM has improved their business. Responses were as follows (percentage of respondents):

- Better customer service/customer responsiveness: 44%
- Easier to manage projects across departments: 38%
- Increased ability to collaborate across teams and departments: 36%
- Sales and marketing teams are better connected: 34%

“Based on Insightly’s survey, roughly two-thirds of respondents also saw sales increase between 10% and 49% as a result of their CRM solution use, a statistic which suggests many more executives will be giving the technology a closer look in the near future.”

eMarketer, 8/17/16

### 37.3 CRM Spending

Markets and Markets (www.marketsandmarkets.com) assesses total CRM spending (B2C and B2B) as follows:

- 2013: $17.2 billion
- 2014: $18.4 billion
- 2015: $19.7 billion
- 2016: $21.1 billion
- 2017: $22.6 billion
- 2018: $24.2 billion

Results from 2014 through 2017 of The CMO Survey, conducted biennially by Duke University’s Fuqua School of Business (www.fuqua.duke.edu), found that CRM spending growth consistently outpaces brand spending growth by around 2 to 3 percentage points.
37.4 CRM Technology Products

The following are vendors of customer relationship management software:

Amdocs
• Product: Amdocs Enterprise Customer Management
• Website: www.amdocs.com/Products/Customer-Management/Pages/Customer-Management.aspx

Avaya
• Product: Avaya Ace CRM Integration
• Website: www.avaya.com

GreenRope
• Product: GreenRope Complete CRM
• Website: www.greenrope.com

Infor
• Product: Infor 10x CRM
• Website: www.infor.com

Infusionsoft
• Product: Small Business CRM
• Website: www.infusionsoft.com

Jive Software
• Product: Jive Software CRM
• Website: www.jivesoftware.com

Kana
• Product: CRM Solution
• Website: www.kana.com

Microsoft
• Product: Microsoft Dynamics CRM
• Website: www.microsoft.com/en-us/dynamics/crm.aspx

NetSuite
• Product: NetSuite CRM+
• Website: www.netsuite.com/portal/products/crm/main.shtml

Oracle
• Product: Oracle CRM
• Website: www.oracle.com
Oracle-PeopleSoft
• Product: PeopleSoft Enterprise CRM
• Website: www.oracle.com/us/products/applications/peoplesoft-enterprise/crm/052431.html

Pardot, a Salesforce company
• Product: Pardot Marketing Automation
• Website: www.pardot.com

Pegasystems
• Product: Pegasystems CRM
• Website: www.pegasystems.com

PhaseWare
• Product: PhaseWare CRM
• Website: www.phaseware.com/customerrelationshipmanagement/

Sage
• Product: Sage CRM Cloud
• Website: www.sagecrm.com/united_states/

Salesforce
• Product: Sales Cloud
• Website: www.salesforce.com

Salesnet
• Product: Web Based CRM
• Website: www.salesnet.com

SAP
• Product: SAP 360 Customer powered by SAP HANA
• Website: www.sap.com

SAS
• Product: SAS Customer Intelligence
• Website: www.sas.com

SugarCRM
• Product: SugarCRM
• Website: www.sugarcrm.com

Teradata Corp.
• Product: Integrated Marketing Management Solution
• Website: www.teradata.com

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VeraCentra
• Product: VeraCentra Customer Intelligence
• Website: www.veracentra.com

Vertical Solutions
• Product: Vertical Solutions CRM
• Website: www.vertsol.com

Vtiger
• Product: Vtiger CRM
• Website: www.vtiger.com

Zoho
• Product: Zoho CRM
• Website: www.zoho.com/crm/

37.5 Market Resources
CRM Directory (www.crmdirectory.com)

RelationshipManagement.org (www.relationshipmanagement.org)


38

CUSTOMER RETENTION

38.1 The Importance of Customer Retention

Researchers at The Center for Retail Management at Northwestern University (www.kellogg.northwestern.edu/research/retail/) assessed that 12% to 15% of a business’s most loyal customers comprise 55% to 70% of the company’s total sales.

Bain Consulting (www.bainllc.com) found the average company loses 20% to 40% of its customers every year. Reducing customer attrition by a mere 5% can improve a business’s bottom line profits by 25% to 85%. Similarly, increasing customer loyalty by 1% is equivalent to reducing costs by 10%.

According to a survey by Totango (www.totango.com), 52% of B2C companies increased retention program spending in 2016; 8% decreased spending.

38.2 Retention Strategies

According to a survey by Loyalty 360 - The Loyalty Marketer’s Association (www.loyalty360.org), 84% of business-to-consumer (B2C) companies use customer retention marketing strategies; 49% believe their strategies are working. Forty-nine percent (49%) of companies believe they know or have identified their best, most loyal customers.

Eighty percent (80%) of companies collect and assess data to help evaluate retention program performance. Respondents claim the most important outcomes of data insight are better understanding of customers’ attitudes and behavior (32%) and improved customer experience (25%).

The following are the most commonly used strategies for customer retention (percentage of respondents):

- Rewards programs: 65%
- Social media: 65%
- Personal interaction; 1-on-1 marketing: 64%
- Mobile: 49%

38.3 Retention Of Online Customers

In a survey conducted by e-tailing Group (www.e-tailing.com), executives in online retail companies said they take the following measures for customer retention (percentage of respondents):
• Pricing or promotional strategies: 81%
• Site redesign or enhancements: 79%
• Easier online search relevance/options: 79%
• Right in-stock assortment: 76%
• Email on pre-established frequency: 76%
• Usability testing: 71%
• Rich media: 64%
• Editorial, expert reviews, user content: 62%
• Elevated brand differentiation: 54%
• Social media elevation: 44%

Ninety-three percent (93%) of executives said their companies use analytics to see what customer retention measures are effective.

38.4 Benefits Of Customer Retention Programs

According to a survey of marketing executives by Forbes Insights (www.forbes.com/forbesinsights), the most important benefit of customer retention programs is as follows (percentage of respondents):
• Referrals and recommendations from existing customers: 32%
• Driving incremental purchase from existing customers: 19%
• Reduction of marketing costs: 16%
• Increased revenue per customer over time: 14%
• Predictable revenue: 10%
• Profitable revenue: 9%

“Customer retention is a key area of focus for many marketing organizations. In research conducted by Forbes Insights, 32% of executives polled said their customer retention efforts were instrumental in creating sources of referrals and recommendations from existing customers.”

eMarketer, 10/3/16

The Forbes Insights survey identified the primary barriers to investing more in customer retention (percentage of respondents):
• Inability to measure ROI of retention tactics: 42%
• Technology limitations: 37%
• Company business model strategy on acquisition over retention: 28%
• Lack of buy-in from executives: 28%
• Lack of expertise on the marketing team: 23%
• Lack of budget: 23%
• Organizational structure does not support it: 19%
39

CUSTOMER SERVICE

39.1 Overview

In the Brand Loyalty Survey, by ClickFox (www.clickfox.com), survey respondents said providing exceptional customer service is the #1 way companies can build brand loyalty.

The NPD Group (www.npd.com) found that 56% of consumers consider customer service an extremely important factor in deciding where they shop.

A survey by Dimensional Research (wwwdimensionalresearch.com) asked consumers about recent interactions with customer service departments of mid-sized companies. Responses were as follows:

**Good Customer Service**
- The problem was resolved quickly: 69%
- The person who helped me was nice: 65%
- The problem was resolved in one interaction: 63%
- The outcome was what I was originally hoping for: 47%

**Bad Customer Service**
- I had to explain my problem to multiple people: 72%
- The person I dealt with was unpleasant: 67%
- My problem took too long to resolve: 65%
- The problem was not resolved: 51%

_________________________________________________________________

“Delivering high-quality customer service remains a critical but challenging problem for marketers. And given that some consumers say they will stop doing business with companies that provide bad customer experiences, it’s all the more important that businesses get it right.”

eMarketer, 12/13/16

_________________________________________________________________
39.2 Customer Service Channels

A wide range of channels is available for customer service: chat, email, online, social media, and text/SMS.

The 2016 Customer Experience Index, by Aspect (www.aspect.com), reported the following percentages of adults feel it is very important for companies to offer a variety of customer service channels (percentage of respondents):

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>74%</td>
<td>73%</td>
<td>74%</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>72%</td>
<td>70%</td>
<td>71%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>70%</td>
<td>72%</td>
<td>71%</td>
</tr>
<tr>
<td>Total</td>
<td>73%</td>
<td>72%</td>
<td>73%</td>
</tr>
</tbody>
</table>

“Consumers’ desire for companies to provide a wide variety of communication channels continues to increase. Aspect’s survey, which compared responses between Q4 2016 and the corresponding period of 2015, found that a growing number of consumers from across a variety of demographic groups wanted companies to offer them more ways to communicate.”

eMarketer, 12/13/16

39.3 Consumer Opinions Of Customer Service

Customer Service Barometer, by American Express (www.americanexpress.com), asked consumers about their opinions and recent experiences related to customer service. The following are findings among U.S. adults (percentage of respondents):

General Customer Service Experiences

• Exceed expectations: 62%
• Meet expectations: 29%
• Miss expectations: 5%

Influence Of The Current Economy

• Businesses pay less attention to good customer service: 38%
• Businesses have increased their focus on providing good customer service: 29%
• Businesses’ attitudes about customer service have not changed: 26%
Spending With Companies That Provide Good Customer Service
- Willing to spend >20% more: 16%
- Willing to spend 10% more: 24%
- Willing to spend 5% more: 29%
- Not willing to spend more: 14%
- Uncertain: 18%

Ways A Company Can Stand Out With Customer Service
- Deliver the promised value at the right price: 29%
- Make it easy to do business with them online and offline: 22%
- Recognize customer as an individual who deserves personalized service: 21%
- Provide products and services that meet customer needs: 19%
- Make it easy to find information about products and services: 9%

Very Important Factors In Providing An Excellent Customer Service Experience
- Provide a satisfactory answer to questions: 86%
- Connect customer with someone who is knowledgeable: 78%
- Provide thanks for being a customer: 45%
- Provide personalized service: 45%
- Follow-up regarding customer’s shopping experience: 27%
- Address customer by name: 21%

Most Important Attribute Of A Successful Customer Service Professional
- Efficient - answers questions or handles transactions quickly: 33%
- Empowered - handles requests without transfers or escalations: 29%
- Courteous - is polite and cordial: 17%
- Human - connects personally; shows empathy: 14%
- Consultative - gives relevant information about product or experience: 7%

Frequency Of Telling Others About Good Experiences
- All the time: 46%
- Sometimes: 47%
- Rarely: 6%
- Never: 1%

Frequency Of Telling Others About Bad Experiences
- All the time: 60%
- Sometimes: 35%
- Rarely: 5%
- Never: 0%

Most Likely Influences To Try A New Company
- Recommendations from a friend or family member: 42%
- Sale or promotion: 34%
• Company reputation: 15%
• Online or social media review: 5%
• Interesting advertisement: 3%
• Engaging website: 2%

Number Of Poor Service Instances Before Switching Companies
• Immediately after initial experience: 37%
• Two or three instances: 58%
• Four or five instances: 4%
• Six or more instances: 1%

Maximum Time (in minutes) Willing To Hold On Phone With A Call Center
• Less than 5 minutes: 22%
• 5 to 10 minutes: 27%
• 10 to 15 minutes: 22%
• 15 to 30 minutes: 17%
• More than 30 minutes: 12%

When asked to rank the most important factors when choosing a company with which to do business, responses were as follows:
1. Good value for the price
2. Excellent customer service
3. Better products
4. Easy to do business online
5. Convenience

39.4 Impact By Segment
An April 2017 survey by Corra (www.corra.com) asked U.S. adults which sectors they have had the most trouble with when it comes to customer service. Responses were as follows (percentage of respondents):
• Cable companies: 71%
• Cellphone providers: 56%
• Airlines: 44%
• Restaurants: 36%
• Retail stores: 27%
• Banks: 21%
• Online stores: 17%
• Hotels: 14%

While customer service is important across all consumer sectors, the influence varies by segment. The following are some industry-specific influences:
Airlines
An assessment by Forbes found airline quality ratings (i.e., on-time arrivals, denied boardings, mishandled baggage, and customer complaints) do not seem to influence revenue.

Drugstores and Pharmacies
The National Pharmacy Study, conducted by J.D. Power and Associates (www.jdpower.com), found customer service, not price, was most important among consumers with respect to store loyalty at drugstores and pharmacies.

E-Commerce
Customer service ranks low among attributes most important to online shoppers. In a survey by A.T. Kearney (www.atkearney.com), the ability to find specific products, free shipping, finding favorite brands, best prices, ease of navigation, site security, special promotions, free samples, peer reviews, and the availability of new products all ranked above customer service.

Still, many online shoppers do expect some level of customer service. In a survey by OneUpWeb (www.oneupweb.com), 32% of Internet users said they expect live chat. A survey by comScore (www.comscore.com) found 35% of online shoppers would like online retailers to improve the availability of live customer service.

Restaurants
Empathica (www.empathica.com) found that 20% of consumers value good service over good food at fine- and casual-dining establishments. Even in fast-food restaurants, service trumps food quality.

A Gallup Poll (www.gallup.com) found that the biggest driver of engagement in a fast-food restaurant is being treated as a valued customer. Warmth of the greeting ranked second in the survey; taste of food ranked third. Gallup found that a fully engaged customer will spend $33.90 on fast food per month, 16% more than the $29.24 spent by a non-engaged consumer.
40

DATA-DRIVEN MARKETING

40.1 Overview

Consumer marketing has evolved from a creative process into a highly data-driven process.

Data-driven marketing refers to acquiring, analyzing, and applying information about consumer wants, needs, context, behavior, and motivations.

_________________________________________________________________

“While data-driven marketing refers to a wide range of marketing tactics, many executives mention cross-channel and cross-device marketing and advertising, along with lookalike targeting, as three of the most popular data-fueled marketing tactics.”

eMarketer, 1/11/17

_________________________________________________________________

Winterberry Group (www.winterberrygroup.com) estimates annual spending by marketers in the United States on data and data-related services at $11.5 billion.

40.2 Challenges In Data-Driven Marketing

A 2017 survey by Winterberry Group for the Global Alliance of Data-Driven Marketing Associations (GDMA, www.globaldma.com) found the leading challenges of data driven marketing as follows (percentage of respondents; each respondent selected up to three challenges):

• Heightened regulation of personal/audience data: 43%
• Ad blocking: 38%
• General economic conditions: 34%
• Lack of visibility into performance/results generated by advertising/marketing efforts: 31%
• Ad fraud caused by bots (or non-human traffic): 27%
• Changes to search engine algorithms: 25%
• Lack of expertise to lead efforts (related to technology, analytics, best practices): 22%
• Lack of capable marketing technology:
• Lack of appropriate audience data: 16%
• “Walled gardens” and/or lack of transparency into the nature of audiences delivered by large publishers: 14%
• Advertising viewability issues: 12%

“U.S. advertising and marketing professionals face a number of challenges in their data-driven marketing efforts, according to a survey from GDMA and Winterberry Group.”

eMarketer, 4/19/17

A survey by Experian Marketing Services (www.experian.com/consumer-insights/consumer-insights/html) found the effects of having bad quality data are as follows (percentage of respondents):
• Lost sales opportunities: 56%
• Wasted time/efficiency of process: 51%
• Diminished relationships with customers/prospects: 39%

40.3 Measuring ROI

In theory, marketing return-on-investment (ROI) can be calculated using marketing spending and customer purchase data. In practice, however, accurately ascertaining these numbers and correlating market drivers with specific purchases is complex.

A survey by Forbes Insights (www.forbes.com/forbesinsights) found marketing executives used analytics to measure campaign ROI as follows:
• For all marketing engagements: 21%
• For most marketing engagements: 34%
• For some, but less than half of marketing engagements: 12%
• Only for a few select projects: 13%
• Not at all: 4%

In a survey by Millward Brown Digital (www.millwardbrowndigital.com), 74% of marketing executives said they would invest more in social media if better ROI metrics
existed. Seventy-nine percent (79%) said they would invest more in mobile, and 78% would spend more on digital if ROI could be tracked better.

In a survey by Webmarketing123 (www.webmarketing123.com), B2C marketers said they can ascertain clear ROI for campaigns in the following channels (percentage of respondents):

- Paid search: 51%
- Email: 44%
- Search engine optimization: 31%
- Social media: 27%
- Display ads: 25%

40.4 Attribution

The primary challenge in assessing ROI is attribution, or assigning credit to a particular marketing-driven interaction or other brand touchpoint.

When asked in a survey by Webmarketing123 about the attribution models used to measure ROI, marketing executives responded as follows:

- Multichannel (all influencing touchpoints): 21%
- Last touch (conversion): 19%
- First and last touchpoint (lead source and conversion): 18%
- First touch (lead source): 15%
- Don’t have an attribution model in place: 38%

40.5 Implementation

When U.S. advertising and marketing professionals were asked in a survey by Winterberry Group for GDMA which area data-driven marketing their company practice, responses were as follows (percentage of respondents):

- Maintain databases to host information on customers or prospects: 92%
- Segment data so as to better target and engage with addressable customer audiences: 91%
- Measure campaign results across multiple marketing channels: 86%
- Purchase third-party data: 74%

_________________________________________________________________

“Most U.S. ad and marketing professionals are using data-driven marketing.”

eMarketer, 1/12/17

_________________________________________________________________
40.5 Market Resources
41.1 Direct Marketing Spending

The Data & Marketing Association (DMA, www.thedma.org) assesses that U.S. marketers spend $84 billion annually on consumer direct marketing (DM). Including an additional $79 billion for business-to-business direct marketing, total DM spending is $163 billion. These expenditures generate nearly $2 trillion in incremental sales.

Direct marketing spending by medium is as follows:

- Direct mail: $50 billion
- Telephone: $37 billion
- Online media: $31 billion
- Television: $22 billion
- Newspaper: $ 8 billion
- Magazine: $ 7 billion
- Radio: $ 4 billion
- Other: $ 4 billion

_________________________________________________________________

“Direct marketing continues to be an engine for U.S. economic growth: 8.7% of the U.S. gross domestic product comes as a result of direct marketing, as do nearly $2 trillion in sales and 9.2 million jobs.”

Yory Wurmser, Ph.D.
Director of Marketing & Media Insights
Data & Marketing Association

_________________________________________________________________

41.2 Direct Mail

The U.S. Postal Service (www.usps.com) reported standard mail volume – a category that includes direct mail – as follows:
• 2007: 103.5 billion
• 2008: 98.4 billion
• 2009: 81.8 billion
• 2010: 81.8 billion
• 2011: 84.0 billion
• 2012: 79.5 billion
• 2013: 80.8 billion
• 2014: 80.3 billion
• 2015: 80.0 billion
• 2016: 80.9 billion

Standard mail postage spending in 2016 was $17.6 billion, accounting for 26% of U.S. Postal Service postage revenue.

“Marketing mail is holding its own and, in fact, growing ever so slightly in the mix of marketing tools. Mail still captures roughly 12% of media spending across all channels.”

Advertising Age

The DMA Statistical Fact Book provides the following assessment of direct mail:
• Previous customers of an organization are much more likely to respond to direct mail offers.
• The average consumer receives 24.7 pieces of mail per week.
• Among all mail formats, postcards are the most likely to be read.
• Seventy-nine percent (79%) of households read or scan advertising mailings sent to their household.

41.3 Response Rate

According to Response Rate Report, by the DMA, direct marketing response rate by media is as follows:

<table>
<thead>
<tr>
<th></th>
<th>House List</th>
<th>Prospects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct mail, letter size:</td>
<td>3.40%</td>
<td>1.28%</td>
</tr>
<tr>
<td>Direct mail, oversize:</td>
<td>3.95%</td>
<td>1.44%</td>
</tr>
<tr>
<td>Direct mail, postcard:</td>
<td>2.47%</td>
<td>1.12%</td>
</tr>
<tr>
<td>Direct mail, catalog:</td>
<td>4.26%</td>
<td>0.94%</td>
</tr>
<tr>
<td>Email:</td>
<td>0.12%</td>
<td>0.03%</td>
</tr>
</tbody>
</table>
41.4 Effectiveness

A survey by Target Marketing (www.targetmarketing.com) found direct marketers rate various marketing efforts for ROI with respect to customer acquisition and retention as follows (percentage of respondents):

<table>
<thead>
<tr>
<th>Marketing Effort</th>
<th>Acquisition</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct mail</td>
<td>34%</td>
<td>33%</td>
</tr>
<tr>
<td>Email</td>
<td>24%</td>
<td>37%</td>
</tr>
<tr>
<td>Search engine marketing</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Telemarketing</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Website advertising</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Catalogs</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Search engine optimization</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Direct response space advertising</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Direct response TV</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Direct response radio</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Insert media</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Mobile marketing</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Webcasts</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

41.5 Direct Marketing Agencies

According to Advertising Age (May 2017), the following are the largest direct marketing agencies:

- Epsilon [Alliance Data Systems Corp.] (www.epsilon.com): $1.86 billion
- Deloitte Digital (www.deloittedigital.com): $880 million
- Acxiom Corp. (www.acxiom.com): $799 million
- Wunderman [WPP] (www.wunderman.com): $513 million

41.6 Direct Marketing List Providers

Direct marketing lists provide contact information for marketers. Lists are available from list brokers, list compilers, and list managers. The following are major list providers:

- Acton International (www.acton.com)
- Axiom Corp. (www.acxiom.com)
- ALC (www.alc.com)
- AllMedia (www.allmediainc.com)
• Bethesta List Center (www.bethesda-list.com)
• Carney Direct Marketing (www.carneydirect.com)
• Database USA (www.databaseusa.com)
• DataJoe (www.datajoe.com)
• Dun & Bradstreet (www.dnb.com)
• Dunhill International List Co. (www.dunhills.com)
• Epsilon Targeting (www.epsilon.com/solutions/product-solutions/data)
• Every Market Media (www.everymarketmedia.com)
• Experian Marketing Services (www.experian.com/marketing-services/marketing-services.html)
• Harte-Hanks Market Intelligence (www.hartehanks.com)
• Hoovers (www.hoovers.com)
• Hugo Dunhill Media (www.hdml.com)
• IDG List Services (www.idglist.com)
• Infogroup Targeting Solutions (www.infogrouptargeting.com)
• International B2B Marketing Database (www.everymarketmedia.com/b2b-data/)
• Kompass North America (http://us.kompass.com)
• Kroll Direct Marketing (www.kroldirect.com)
• Lake Group Media (www.lakegrouppmedia.com)
• Leon Henry Inc. (www.leonhenryinc.com)
• Lighthouse List Co. (www.lighthouselist.com)
• List Services Corp. (www.listservices.com)
• Mardevdm2 (www.mardevdm2.com)
• Marketry Inc. (www.marketry.com)
• Mazzone Marketing Group (www.mazzonemarketinggroup.com)
• MCH Strategic Data (www.mchdata.com)
• Merit Direct (www.meritdirect.com)
• MetaResponse Group (www.metaresponse.com)
• Neustar Information Services (www.neustar.biz/infoservices)
• Noble Ventures (www.nobleventures.com)
• Oceanos (www.oceanosinc.com)
• PMX Agency (www.pmxagency.com)
• Q Interactive (www.qinteractive.com)
• Reach Marketing (www.reachmarketing.com)
• SMS Marketing Services (www.sms-inc.com)
• TriMax Direct (www.trimaxdirect.com)
• Valassis Lists (www.valassislisits.com)
• World Innovators (www.worldinnovators.com)
• Worlddata (www.worlddata.com)
• Zoominfo (www.zoominfo.com)

41.7 Market Resources
Data and Marketing Association, 1333 Broadway, Suite 301, New York, NY 10018. (212) 768-7277. (www.thedma.org)
42

DIRECT SELLING

42.1 Overview
Direct selling is person-to-person selling of a consumer product or service away from a fixed retail location. Products and services are typically marketed to customers by independent salespeople. Depending upon the company, the salespeople may be called distributors, representatives, consultants, or various other titles. With direct selling, products are sold primarily through in-home product demonstrations, parties, and one-on-one selling.

According to the Direct Selling Association (DSA, www.dsa.org), 74% of U.S. adults have purchased products from a direct seller.

42.2 Market Assessment
According to the Direct Selling Association, U.S. retail sales in the sector in 2016 were $37.6 billion, a 4.1% increase over the prior year. The sector employs 20.2 million people in the United States.

Sales were distributed by category as follows:

• Home/family care/home durables: 25%
• Wellness (weight loss products, vitamins, etc.): 23%
• Personal care: 22%
• Service/other: 17%
• Clothing and accessories: 10%
• Leisure/educational (books, videos, toys, etc.): 3%

Percent sales by region were are as follows:

• South: 35% (South Atlantic: 15.9%; West South Central: 11%; East South Central: 5%)
• West: 27% (Pacific: 19%; Mountain: 8%)
• Midwest: 22% (East North Central: 14%; West North Central: 7%)
• Northeast: 16% (Middle Atlantic: 12%; New England: 4%)

Percent sales by location/medium were as follows:

• Person-to-person selling: 71%
• Party plan: 20%
• Other (Internet, phone, etc.): 9%
42.3 Market Leaders

According to the Direct Selling Association, the following companies are market leaders based on U.S. annual net sales:

- AdvoCare International
- Ambit Energy
- Amway
- Arbonne International
- CUTCO/Vector Marketing Corporation
- Herbalife
- Isagenix International
- The Juice Plus+ Company
- Mary Kay Inc.
- Melaleuca Inc.
- Nerium International
- Nu Skin Enterprises
- Rodan + Fields
- Scentsy Inc.
- Stream Energy
- Take Shape for Life, Inc.- Medifast
- Team Beachbody
- Thirty-One Gifts
- USANA Health Sciences Inc.
- Young Living

42.4 Market Resources

Direct Selling Association, 1667 K Street NW, Suite 1100, Washington, DC 20006. (202) 452-8866. (www.dsa.org)
43

ENGAGEMENT

43.1 Defining Engagement

In 2006, the Advertising Research Foundation (ARF, www.thearf.org) defined engagement as follows: Engagement is turning on a prospect to a brand idea enhanced by the surrounding context. The definition has not been universally recognized and the ARF, as well as others, has been working to refine the definition and establish metrics for measuring engagement.

In 2013, the Interactive Advertising Bureau (IAB, www.iab.net), in collaboration with Radar Research (www.radarresearch.com), published *Digital Ad Engagement: An Industry Overview and Reconceptualization* to address the longstanding challenge faced by advertisers, publishers, agencies, marketers, and other interactive industry participants for whom ad engagement is an essential tactic in digital advertising.

According to the IAB report, while engagement is a prevalent buzzword without a single definition, it actually describes three distinct aspects, as follows:

- **Ad engagement**: reviewing whether the creative is compelling and whether a consumer interacted with the ad in some way
- **Content engagement**: gauging which content is most captivating on a site
- **Audience engagement**: identifying which viewers are paying the most attention and are contributing to the conversation

In general, most industry executives agree that engagement includes an ad’s ability to break through to capture a consumer’s attention and to drive an attitudinal change.

“Even without a universally accepted definition of engagement, there is the widely held belief that engagement is an important component of online advertising. Leave it out and you miss an important diagnostic tool.”

Scott McDonald, SVP
Condé Nast
43.2 Measuring Engagement

Engagement is historically rooted in metrics such as click-through rate. The IAB report suggests that the advertising industry can move beyond its reliance on click-through as a salient measure and consider the following measures of engagement for the following three digital mediums:

**Mobile**
- Click-to-call
- Click-to-download
- Click-to-play
- Interaction rates
- Map retail location
- Share rates

**Rich Media**
- Display times
- Expansion times
- Expansions
- Form responses
- Game play
- Interaction time/rate
- Share rates

**Video**
- Completion rates
- Median video viewing time
- Play rate
- Play-through rate
- Share rates

Social media introduces even more metrics to the engagement concept, as follows:

**Collaboration**
- Commenting
- Liking
- Rating
- Sharing
- Voting

**Consumption**
- Listening
- Reading
- Viewing
Creation

- Blogging
- Mashups
- Podcasting
- Uploading

43.3 Brand Engagement

Brands face a major challenge when trying to increase customer engagement: Consumers are busy and spend little time ‘engaging’ with brands while shopping. According to a study by the Ehrenberg-Bass Institute of Marketing Science (www.marketingscience.info), the average consumer spends 13 seconds purchasing a brand in-store. Online, the average consumer spends 19 seconds purchasing; the majority spend less than 10 seconds.

“The idea that consumers ‘engage’ with brands is no doubt true for a small set of consumers and a small set of high involvement categories and brands, but for the vast majority of brands, consumers are not engaged to or with brands. They’re just buying them. The simple truth is this: for most categories, consumers have a small repertoire of brands that are acceptable, and they spend little time thinking about purchase decisions. Their lives are already full of spouses, kids, events and other activities, and most people simply don’t have the time or energy to engage with brands in any meaningful way. Consumers most often default to making purchase decisions based on simple habit (e.g., previous purchase) or instinct.”

Randall Beard, President
Nielsen North America
43.4 Brand Activation

Brand activation is a relatively new marketing buzzword with a meaning similar to engagement. It is also a term without a universally recognized definition.

In general, brand activation involves bringing the spirit of a brand to life by creating brand experience. It aims to present an authentic reflection of the brand and brand values. Brand activation focuses on building a long-term emotional connection between a brand and its customers, includes interactive activities or content, and extends a brand’s power to communicate.

Brand activation is sometimes used interchangeably with brand engagement.

43.5 Market Resources

Advertising Research Foundation, 432 Park Avenue South, 6th Floor, New York, NY 10016. (212) 751-5656. (www.thearf.org)

Brand Activation Association, 257 Park Avenue South, New York, NY 10010. (212) 420-1100. (www.baalink.org)

Interactive Advertising Bureau (IAB), 116 East 27th Street, 7th Floor, New York, NY 10016. (212) 380-4700. (www.iab.net)
44.1 Overview
Event marketing, also called engagement marketing and experiential marketing, is broadly defined as live events where audiences interact with a product or a brand. Popular events include sports events, fairs and festivals, parties, and concerts.

With consumers overwhelmed by the 5,000 or so ads they are exposed to daily – many shutting out much of this promotional content – the engagement offered by event marketing can be highly effective.

“While traditional marketing is based on a volume of target audience impressions, experiential marketing involves engaging with consumers in a manner than enables them to feel the brand versus simply being exposed to it. The payoff? Marketers taking the experiential plunge find they are gaining deeper, more genuine connections with consumers.”

Advertising Age

44.2 Market Assessment
PQ Media (www.pqmedia.com) estimates annual event marketing spending at $37 billion. This figure reflects only consumer events where the sponsoring brand owns the event and receives top billing; sponsorships of third-party events, such as sporting events and concerts, are not included. Spending on trade shows, parties, and other such events is also excluded.

IEG (www.sponsorship.com) estimates that U.S. brands spent $878 million in 2016 for festivals, fairs, and annual events.
“Immersive and catchy, experiential marketing brings physical and digital components of branding together. But despite its appeal and effectiveness, it can be pricy and tough to put into action.”

eMarketer, 12/14/16

44.3 Event Specialists

According to Advertising Age (May 2017), the following are the largest event marketing agencies:

- Advantage Marketing Partners (www.advantagemarketingpartners.com): $639 million
- Mosaic (www.mosaic.com): $352 million
- Freeman (www.freemanco.com): $325 million
- Momentum Worldwide [Interpublic] (www.momentumww.com): $204 million
- George P. Johnson (www.georgepjohnson.com): $180 million

44.4 Effectiveness

The Advertising Research Foundation (ARF, www.thearf.org) recently completed an assessment of the impact of event marketing on consumer purchasing habits. ARF studied 12 companies, including Coca-Cola, Frito-Lay, and State Farm Insurance, that hosted events. The study, conducted by Harris Poll (www.theharrispoll.com), polled about 5,000 consumers after they had attended sponsored events. The study found that purchase intent rose 11% to 52% among consumers who attended brand-sponsored events such as sports competitions, walk-a-thons, and theme park outings. Such purchase intent translated to sales about 50% of the time. Sports-related events were found to have the greatest impact.

A survey by Jack Morton Worldwide (www.jackmorton.com) provides the following assessment of the effectiveness of experiential marketing:

- Respondents ranked experiential marketing as the #1 medium most likely to result in purchase.
- Eighty-five percent (85%) agree they would tell others about participating in a live event.
- Eight-two percent (82%) agree that participating in experiential marketing is more engaging than other forms of communication.
• Eight-one percent (81%) agree that experiential marketing would make them more receptive to other marketing from the product/brand.
• Eighty percent (80%) agree that experiential marketing is more likely to give them information than other forms of communication.
• Over 50% sampled a product, told others via word-of-mouth, went online, or contacted the company after participating in a brand experience.

According to a survey by Group M Next (www.groupmnext.com), 33% of concertgoers remember the show partner of the last live event they attended. Forty-four percent (44%) said music partnerships were most likely to increase positive feelings toward a sponsor brand. Forty percent (40%) said they were more likely to consider purchasing from a music event sponsor brand in the future.

44.5 Market Resources
Event Marketing Institute, 10 Norden Place, Norwalk, CT 06855. (203) 852-5693. (www.eventmarketing.com)

Experiential Marketing Forum. (www.experientialforum.com)
45.1 Impact On Consumer Spending

As more and more people “go green” – recycling, conserving energy, reducing consumption, buying eco-friendly products, etc. – companies’ green initiatives, or lack thereof, have become increasingly important.

The Green Gap Trend Tracker survey by Cone Communications (www.conecomm.com) found that 71% of American consumers routinely or sometimes consider the environment when making a purchasing decision.

In a survey by Nielsen (www.nielsen.com), 34% of adults said that within the past 30 days they had purchased a product because they perceived it as environmentally responsible.

“Any way you cut it, green is big business. Sales of environmentally friendly products in the U.S. exceeded $40 billion last year. This includes $29.2 billion for organic food, more than $10 billion for hybrid, electric, and clean-diesel vehicles, more than $2 billion on energy-efficient light bulbs, and $640 million on green cleaning products.”

Advertising Age

According to Mintel (www.mintel.com), 12% of the U.S. population are True Greens, consumers who seek out and regularly buy green products; an additional 68% are Light Greens, or consumers who buy green sometimes.

While consumers are increasingly purchasing products with an environmental benefit, they are more reluctant to pay a premium for these items than they were a few years ago. Harris Poll (www.theharrispoll.com) found consumers’ willingness to pay more for green products as follows:
• Seek out green products as long as cost is the same: 30%
• Seek out green products even if I have to pay a little extra: 24%
• Seek out green products even if I have to pay a lot extra: 2%

45.2 Green Initiatives

Nothing speaks more for a company’s eco-conscious commitment that its actions. Some operations have programs to purchase electric power generated by renewable sources, such as wind or solar, or to purchase credits that offset their carbon footprint. Others are focused on use of green materials and waste reduction.

Big-box retailers such as Target and Walmart have begun to require their private-label suppliers to reduce oversized and over-wrapped packaging. Everything from laundry detergent to cardboard boxes used for shipping cereal is being packaged in smaller containers. PVC packages have been replaced with recyclable material or eliminated entirely for some products. Walmart also has set a goal of producing “zero waste” by 2025, including all waste flowing through its stores and offices.

Companies also demonstrate their environmental concerns through the design and operation of their facilities. The most recognized designation for efficient buildings is the Leadership in Energy and Environmental Design (LEED) certification developed by the U.S. Green Building Council (USGBC, www.usgbc.org). To be LEED-certified, buildings must earn points in five categories: sustainable sites, water efficiency, energy, materials and resources, and indoor environmental quality. As of April 2017, there were 37,300 registered and LEED-certified commercial buildings in the U.S.

45.3 Credibility Of Green Marketing Claims

A survey by GfK (www.gfk.com) found that many consumers are confused by green marketing. Twenty-two percent (22%) of survey respondents said they don’t know if companies’ claims are accurate, and 10% said they don’t know how well businesses fulfill their responsibility to the environment. Among consumers who weren’t confused, more than 40% thought green claims were inaccurate.

In 1992, the Federal Trade Commission issued Green Guides (www.ftc.gov/news-events/media-resources/truth-advertising/green-guides) to help marketers ensure that the claims they make about the environmental attributes of their products are truthful and non-deceptive. The Green Guides have been revised four times, most recently in 2012.

The FTC has brought several actions in recent years related to deceptive recyclability, biodegradable, bamboo, and environmental certification claims as part of its overall effort to ensure that environmental marketing is truthful and substantiated.

45.4 Green Ad Agencies

Marketers are increasingly partnering with ad agencies who share philosophies
on social changes, and larger companies looking to shift focus on new efforts are also using Green Teams to help develop ad campaigns.


A niche among advertising agencies just a few years ago, green agencies are increasing in number.

### 45.5 Market Resources


INFLUENCER MARKETING

46.1 Overview
People with a large following on social media or blogs are dubbed influencers. Some brands seek out influencers who might favorably comment on their products and services.

It is estimated that 5% to 10% of social media users are responsible for 80% of influence. As such, brands turn influencers into brand advocates by providing them with personalized experiences that motivate them to share positive brand impressions with others.

“People trust other people more than companies ... 68% of consumers look for product information from other consumers.”

Center for Media Research
Research Brief, 4/21/17

46.2 Market Assessment
eMarketer (www.emarketer.com) estimates that influencer marketing revenues on Instagram alone were $570 million in 2016.

Forbes assesses that major brands spent $255 million a month in 2016 just for Instagram posts.

These assessments suggest that total influencer marketing spending exceeded $1 billion in 2016.

According to the Association of National Advertisers (ANA, www.ana.net) report The Value of Influencer Content 2017, influencer marketing and content marketing are projected to be the fastest-growing brand activation channels through 2020.
46.3 Influencer Marketing Tactics

In a survey by Schlesinger Associates (www.schlesingerassociates.com), marketing professionals identified tactics used for influencer marketing as follows:

- Content promotion: 67%
- Product launch: 59%
- Content creation: 59%
- Event management: 45%
- Corporate communications: 32%
- Search engine optimization: 23%
- Crisis management: 14%

In a survey of U.S. marketers, Tapinfluence (www.tapinfluence.com) and Altimeter Group (www.altimergroup.com) found the most effective influencer marketing tactics as follows (percentage of respondents):

- Ongoing ambassadorships: 71%
- Product reviews: 67%
- Brand mentions: 54%
- Event coverage: 53%
- Sponsored content: 50%
- Affiliate links: 11%

The 2016 Influencer Marketing Report, by Chute (www.getchute.com), reported aspects of influencer marketing that U.S. marketers would like to see improved as follows (percentage of respondents):

- Measuring ROI: 80%
- Tracking influence: 66%
- Influencer discovery: 60%
- Reporting back: 55%
- Vetting influencers: 55%
- Managing influencers: 46%
- Engaging influencers: 41%
- Influencer relationships: 26%

46.4 Response To Influencer-Sponsored Posts

A consumer survey by Bloglovin (www.bloglovin.com) found actions taken after seeing an influencer’s sponsored posts as follows (percentage of respondents):

- Have purchased a product/service: 54%
- Followed a brand: 45%
- Unfollowed an influencer because they post too much sponsored content: 37%
- Followed an influencer because they work with a preferred brand: 30%
• Have followed influencer just for the discount: 21%
• Would pay more for a product endorsed by favorite influencer: 9%

“Influencer marketing is a popular and effective way to reach consumers. Fifty-four percent (54%) of female consumers purchased a product after seeing it recommended by an influencer, and 45% have followed a brand directly from an influencer’s post.”

eMarketer, 1/3/17

According to a survey by Expercity (www.expercity.com), 82% of peers are likely to follow recommendations of an influencer compared with 73% who would follow an average consumer. Ninety-four percent (94%) find recommendations from an influencer credible; 83% feel the same about those from average consumers.

46.5 Brand Advocates
Some social media influencers have one million or more followers. When partnered with brands, these influencers can displace celebrities as brand advocates.

“Celebrity endorsements may work for Super Bowl commercials, but some brands are seeing more success with micro-influencers that have up to 10,000 followers and middle-influencers with up to 250,000 followers. Working with celebrities has become significantly less effective. Their engagement rates are typically lower than similar influencers with a smaller audience.”

eMarketer, 1/18/17
Some agencies set 50,000 combined followers across Facebook, Instagram, and Twitter as a threshold when deciding to work with an influencer.

According to *The Value of Influencer Content 2017*, by ANA, reasons that brands choose to work with influencers are as follows (percentage of respondents):

- Authenticity/trusted voice: 72%
- Relevance to my audience: 73%
- Drive engagement: 60%
- Organic reach: 55%
- Spark word of mouth: 45%
- Quality of content: 44%
- Drive product sales: 33%
- Drive conversions: 32%
- Cross-channel following: 22%
- Generate reviews: 17%
- Identify market insights: 8%
- Avoid ad blockers: 5%

A survey by Tapinfluence reported the most important factors among influencers when partnering with a brand as follows (percentage of respondents):

- Align with the brand’s core values: 41%
- Great opportunity to grow my following: 5%
- Brand is well recognized: 2%
- Peers are working with a brand: 2%
- All of the above: 44%

In a survey by Crowdtap (www.crowdtap.com), influencers said their goals when working with brands are as follows (percentage of respondents):

- Increase reach/grow audience: 55%
- Create quality content for audience: 45%
- Shape image: 29%
- Acquire perks (discounts, samples, etc.): 25%
- Earn income: 24%
- New experiences (trips, events, etc.): 22%

Influencers say the following factors keep followers engaged (source: Tapinfluence; percentage of respondents):

- I keep myself honest, funny, open, and willing to call it like I see it: 71%
- I provide value by addressing the things they are interested in: 64%
- I interact with them, listen, and respond online: 59%
- I consistently stay on top of what’s happening in the market: 37%

Factors that make an influencer likely to continue working with a brand are as follows (source: Crowdtap; percentage of respondents):

- Grants creative freedom: 77%
Offers competitive compensation: 68%
Respects me as a publisher: 54%
Understands interests and approaches with relevant opportunities: 49%
Brand’s mission aligns with my values: 47%

46.6 FTC Guidelines

The FTC requires that all influencers disclose as close to the beginning of the content as possible related sponsorships. Sponsored social media posts must include clear disclosures such as “#sponsored,” “#paid,” or “#ad” before any links that lead back a brand’s landing page. In a blog post, the disclosure statement must come before the affiliate link and above the “fold” or “scroll.” Influencers also cannot use tiny fonts or pale colors in an attempt to disguise sponsorship disclosure. For videos and audio content, there must be either an audible verbal disclosure at the start or a written disclosure on a clearly legible title card at the beginning of the video.


“Marketers are still under the impression that if it’s not disclosed when a post is sponsored, it’s more effective, which is not the case. Going forward, that behavior won’t fly. Marketers will need to be tougher with what they require of their influencers.”

eMarketer, 1/18/17

46.7 State Of Influencer Marketing
Since 2015, Linqua (www.linqua.com) has published The State Of Influencer Marketing.

The following is a summary of The State Of Influencer Marketing 2017 (percentage of respondents):

Top Benefits Of Influencer Marketing
• Create authentic content about my brand: 89%
• Drive engagement around my product/brand: 77%
• Drive traffic to my website/landing page: 56%
• Generate content cost-effectively: 43%
• Reach younger generations who don’t trust advertising: 43%
• Generate authentic, easily discoverable product reviews: 36%
• Drive online and in-store product sales: 34%
• Grow email database with qualified customers: 8%

Most Important Media Platforms
• Facebook: 87%
• Instagram: 87%
• Blogs: 48%
• Twitter: 44%
• Pinterest: 40%
• Snapchat: 28%
• Google+: 4%

Influencer Marketing Budget, 2017
• Increase: 64%
• Stay the same: 5%
• Decrease: 31%

Influencer Marketing’s Place In Budget
• Advertising/media: 42%
• Content marketing: 38%
• Brand marketing: 32%
• PR/communications: 31%
• Shopper marketing: 16%
• Product development: 2%

Number Of Influencers On Average Per Program
• 1-to-10: 29%
• 10-to-25: 52%
• 25-to-50: 11%
• 50-to-75: 0%
• 75-to-100: 4%
• >100: 2%

Average Spend Per Influencer Marketing Program
• < $10,000: 12%
• $10,000 to $25,000: 20%
• $25,000 to $50,000: 33%
• $50,000 to $100,000: 20%
• $100,000 to $500,000: 14%
• > $500,000: 1%
**Most Effective Influencer Pricing Model**
- Cost per engagement: 25%
- Cost per click: 25%
- Pay per post/video: 17%
- Free product or experiences: 16%
- Cost per acquisition: 7%
- Other: 10%

**Working With Influencer Marketing Partners**
- In-house: 25%
- Self-service SaaS platform: 11%
- Managed or turn-key service provider: 64%

**Top Challenges For Influencer Marketing**
- Determining ROI: 78%
- Choosing which influencer marketing provider to work with: 45%
- Determining where influencer marketing fits into marketing mix: 41%
- Social network algorithm changes will make content less viable: 31%
- Amount of time it takes to manage programs: 30%
- Rapidly changing consumer behaviors make it difficult for brands to stay relevant: 29%
- Changes in FTC regulations governing sponsored content: 11%

**Familiarity With Most Recent FTC Disclosure Guidelines**
- Yes: 55%
- No: 45%

**Require Disclosure Of Sponsored Content To Comply With FTC Guidelines**
- Yes: 88%
- No: 12%
“While the vast majority of marketers are employing some form of influencer marketing today, program budgets are set to double in 2017 as marketers expand their use of the channel and double down on the success that they have experienced to date. As influencer marketing matures from an experimental channel to a strategic part of the marketing mix, heads of marketing are demanding accountability from that spend, fueling increased adoption of performance-based pricing models. These shifts align with the natural evolution of any emerging channel as it continues to prove its effectiveness.”

*The State Of Influencer Marketing 2017*

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**46.8 List Of Influencer Marketing Agencies**

- 1000 Heads ([www.1000heads.com](http://www.1000heads.com))
- Agency Entourage ([www.agencyentourage.com](http://www.agencyentourage.com))
- AKQA ([www.akqa.com](http://www.akqa.com))
- Buzz Marketing Group ([http://buzzmg.com](http://buzzmg.com))
- Cramer-Krasselt ([www.c-k.com](http://www.c-k.com))
- Dynamic Signal ([www.dynamicsignal.com](http://www.dynamicsignal.com))
- Evolve! ([www.evolvesinc.com](http://www.evolvesinc.com))
- Fohr Card ([www.fohrcard.com](http://www.fohrcard.com))
- HireInfluence ([www.hireinfluence.com](http://www.hireinfluence.com))
- INF Influencer Agency ([www.infagency.com](http://www.infagency.com))
- Infinite ([www.theinfiniteagency.com](http://www.theinfiniteagency.com))
- Influence & Co. ([www.influenceandco.com](http://www.influenceandco.com))
- Influence People ([www.influencepeople.com](http://www.influencepeople.com))
- Influencer Marketing Agency - IMA ([www.imagency.com](http://www.imagency.com))
- Instabrand ([www.instabrand.com](http://www.instabrand.com))
- Medixkix ([www.mediakix.com](http://www.mediakix.com))
• Organic Inc. (www.organic.com)
• SapientNitro (www.sapientnitro.com)
• SCX Influencer Exchange (www.stylecoalition.com)
• SocialRank (https://socialrank.com)
• Socialyte Collective (www.socialyte.co)
• Something Massive (www.somethingmassive.com)
• TapInfluence (https://www.tapinfluence.com)
• Terakeet (www.terakeet.com)
• The Amplify (www.theamplify.com)
• The Media Kitchen (www.medikitchen.com)
• The Mobile Media Lab (www.themobilemedialab.com)
• TopRank Marketing (www.toprankmarketing.com)
• Tribe Dynamics (www.tribedynamics.com)
• VaynerMedia (www.vaynermedia.com)
• VentureRadar (www.ventureradar.com)
• Viral Nation (www.viralnation.com)

46.9 List Of Influencer Marketing Platforms
• Adly (www.adly.com)
• BlogDash (www.blogdash.com)
• Blogmint (www.blogmint.com)
• BrandBacker (www.brandbacker.com)
• Buzzoole (www.buzzoole.com)
• BuzzStream (www.buzzstream.com)
• Buzzsumo (www.buzzsumo.com)
• Content BLVD (www.contentblvd.com)
• Crowdly (www.crowdly.com)
• Experticity (https://business.experticity.com)
• Exposely (www.exposely.com)
• FameBit (www.famebit.com)
• Find Your Influence (www.findyourinfluence.com)
• Grapevine Logic (www.grapevinelogic.com)
• GroupHigh (www.grouphigh.com)
• Influenster (www.influenster.com)
• Influitive (www.influitive.com)
• Inkybee (www.inkybee.com)
• InNetwork (www.innetwork.net)
• InstaBrand (www.instabrand.com)
• Instafluence (www.instafluence.com)
• Izea (www.izea.com)
• Jamballa (www.jamballa.com)
• Julius (www.juliusworks.com)
• Keyhole (www.keyhole.co)
• Klear (www.klear.com)
• Klout (www.klout.com)
• Kred (www.kred.com)
• Launch Metrics (www.launchmetrics.com)
• Lithium (www.lithium.com)
• Little Bird (www.getlittlebird.com)
• Markerterly (www.marketerly.com)
• Mustr (www.mustr.com)
• NeoReach (www.neoreach.com)
• Niche.com (www.niche.co)
• Ninja Outreach (www.ninjaoutreach.com)
• Octoly (www.octoly.com)
• Onalytica (www.onalytica.com)
• Pitchbox Influencer Marketing (www.pitchbox.com)
• Popular Pays (www.popularpays.com)
• Publishr (www.publishr.io/)
• Revfluence (www.revfluence.com)
• Right Relevance (www.rightrelevance.com)
• SociaBuzz (www.socialbuzz.com)
• Speakr (www.speakr.com)
• Sverve (www.sverve.com)
• TapInfluence (www.tapinfluence.com)
• Traackr (www.tr Krackr.com)
• Viral Nation (www.viralnation.com)
• Vizified (www.vizified.com)
• Webfluential (www.webfluential.com)
• Zoomph Influencer Marketing (www.zoomph.com)
• Zuberance (www.zuberance.com)
47.1 Market Assessment

BIA/Kelsey (www.biakelsey.com) assesses total local media advertising and marketing spending in 2017 at $148.8 billion, a 2.4% increase from the prior year. Distribution is as follows:

- Direct mail: 24.9%
- Over-the-top TV: 13.3%
- Online/interactive: 12.5%
- Mobile: 10.8%
- Over-the-top radio: 9.6%
- Print newspapers: 8.3%
- Out-of-home: 5.7%
- Cable: 4.6%
- Online newspapers: 2.5%
- Email: 1.8%
- Internet Yellow Pages: 1.7%
- Print Yellow Pages: 1.3%
- Magazines: 1.1%
- Online magazines: 0.4%
- Online radio: 0.9%
- Online TV: 0.7%

“If there was any doubt that the future of local advertising is digital, the latest local ad revenue forecast from BIA/Kelsey confirms that revenue from local-focused online ads will exceed that of traditional ads aimed at local audiences by 2018.”

Advertising Age, 10/26/16
47.2 Sources Of Local Search Information

The Local Media Tracking Study, by the Local Search Association (www.thelsa.org), asked consumers three questions about their sources of local business information, as follows:
- What is your most trusted source for finding local business information?
- What is the most accurate source for finding local business information?
- What is the source you turn to when ready to make a purchase?

Responses were as follows (percentage of respondents):

<table>
<thead>
<tr>
<th>Source</th>
<th>Most Trusted</th>
<th>Most Accurate</th>
<th>Go-To Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print Yellow Pages</td>
<td>9%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Internet Yellow Pages</td>
<td>4%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Search engines</td>
<td>37%</td>
<td>32%</td>
<td>24%</td>
</tr>
<tr>
<td>Ratings/reviews</td>
<td>7%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Social networks</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Online videos</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Print White Pages</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Newspapers/magazines</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Circulars/email/coupons</td>
<td>4%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Daily deals</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Company website</td>
<td>11%</td>
<td>18%</td>
<td>27%</td>
</tr>
<tr>
<td>Friends/family</td>
<td>13%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Mobile apps</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

47.3 Top Local Search Categories

The Local Media Tracking Study ranked the most-searched categories as follows:
- Restaurants
- Supermarkets
- Physicians
- Beauty salons
- Pizza
- Clothing
- Auto repair
- Food products
- Pharmacies
- Auto parts
- Banks
- Discount stores
- Plumbing contractors
- Auto dealers
- Service stations
- Shoe stores
47.4 Local Marketing By National Brands

According to Balihoo (www.balihoo.com), 88% of national brands in North America spend some portion of their budget on local marketing. The percentage of marketing budgets allocated to local marketing is as follows:

- None: 12%
- 1% to 5%: 29%
- 6% to 10%: 14%
- 11% to 15%: 8%
- 16% to 20%: 7%
- 21% to 25%: 8%
- 25% or more: 21%

BIA/Kelsey estimates national brands spent $56.3 billion on local media in 2016, with growth to $68 billion estimated by 2018.

“The rapid rise of mobile, geotargeting, and marketing automation has made it possible for local marketing to scale in unprecedented ways for national brands, franchises and multi-location businesses.”

Peter Krasilovsky, Vice President
BIA/Kelsey
**Market Resources**

BIA/Kelsey, 14150 Parkeast Circle, Suite 110, Chantilly, VA 20151. (703) 818-2425. ([www.biakelsey.com](http://www.biakelsey.com))

Local Search Association, 820 Kirts Boulevard, Suite 100, Troy, MI 48084. (248) 244-6200. ([www.thelsa.org](http://www.thelsa.org))

Search Engine Land blog. ([http://searchengineland.com](http://searchengineland.com))
48.1 Participation

According to Colloquy (www.colloquy.com), there are 3.3 billion loyalty memberships in the United States. The average American household holds memberships in 29 loyalty programs spread among the retail, financial services, travel, and various other sectors – but is active in only 12 of them. Membership counts by sector are as follows:

**Retail**
- Specialty retail: 433.5 million
- Drug store: 267.6 million
- Department store: 229.6 million
- Grocery: 169.7 million
- Mass merchant: 164.3 million
- Fuel & convenience store: 24.5 million

**Travel & Hospitality**
- Airline: 355.9 million
- Hotel: 288.7 million
- Gaming: 156.5 million
- Restaurant: 54.8 million
- Cruise and car rental: 44.9 million

**Financial:** 577.9 million

The 2016 Loyalty Report, by Bond Brand Loyalty (www.bondbrandloyalty.com), reported that U.S. consumers are members of 13.4 loyalty programs and participate in an average of 6.7 loyalty programs. Fifty-seven percent (57%) of members engage with loyalty programs via a mobile device, or would like to do so.

48.2 Market Assessment

*Promo Magazine* estimates annual spending for loyalty program development and implementation at $2.0 billion. This figure does not include the value of program rewards.
CrowdTwist (www.crowdtwist.com) reported changes in 2017 budget allocation for customer loyalty programs as follows:

- Increase significantly: 14%
- Increase: 48%
- Stay the same: 33%
- Decrease somewhat: 4%
- Decrease significantly: 1%

### 48.3 Customer Incentives

A 2016 survey by Maritz Motivation Solutions (www.maritzmotivation.com) found the reasons that adults join loyalty programs as follows (percentage of respondents):

- Desire to earn rewards: 43%
- Low effort to sign up: 31%
- Love the brand’s products: 17%
- Shared identity with brand values: 5%
- Other reason: 4%

According to Bond Brand Loyalty, 66% of loyalty program members say they modify the amount they spend to maximize points.

### 48.4 Satisfaction

According to the 2016 Loyalty Report, 44% of program members are very satisfied with their loyalty program experience. By sector, the following percentages of members are very satisfied:

- Drug store/grocery: 50%
- Gas/convenience store: 50%
- Dining: 44%
- Retail: 43%
- Health and beauty: 40%
- Travel hospitality: 39%
- Airlines: 38%
- Consumer package goods: 31%

Thirty percent (30%) say they are satisfied with the program website experience; 23% are satisfied with the way rewards/benefits can be earned.

According to a February 2017 study by Accenture (www.accenture.com), the following five factors relate to loyalty member satisfaction:

**Discount/Gift Offerings**

- Fifty-nine percent (59%) of U.S. consumers feel loyal to brands that present them with small tokens of appreciation, such as personalized discounts, gift cards and special offers to reward their loyalty.
Engagement
• Forty-four percent (44%) of consumers are loyal to brands that actively engage them to help design or co-create products or services; 41% are loyal to organizations that present them with new experiences, products or services; 33% are loyal to brands that engage them in ‘multi-sensory’ experiences, using new technologies.

Personalization
• Forty-one percent (41%) of consumers are loyal to brands that offer them the opportunity to personalize products; 51% are loyal to brands that interact with them through their preferred channels of communication; 81% feel loyal to brands that are there when they need them, but otherwise, leave them alone; and, 85% are loyal to brands that safeguard and protect the privacy of their personal information.

Offers
• Thirty-nine percent (39%) of U.S. consumers feel loyal to brands that connect them with other providers; 51% are loyal to brands that keep them on the cutting edge by consistently offering the latest products and services.

Brand Partners
• Twenty-three percent (23%) of consumers are loyal to brands that partner with celebrities, and another 23% feel loyal to organizations that partner with social influencers; 42% are loyal to brands that their family and friends do business with; 37% show loyalty to brands that actively support shared causes.

48.5 Mobile Participation
According to Bond Brand Loyalty, 57% of members of loyalty programs engage via a mobile device, or would like to do so.

According to the 2017 Mobile Loyalty Report, by 3Cinteractive (www.3cinteractive.com), 74% of loyalty program members that use a smartphone would prefer loyalty program-related communications from brands via their device, 22% prefer email, and 4% prefer direct mail. Among those who want digital device communication, preferred channels are as follows:
• SMS: 21%
• Push notification: 21%
• App: 18%
• Wallet: 18%
• Virtual assistants: 10%
• Message apps: 8%
49.1 Overview

The sale of naming rights for venues helps facilities raise new capital for construction and operations. The concept was developed with the naming of professional sports venues during the late 1980s. It has spread over the past decade to venues of all types, such as college sports venues, performing arts and concert venues, convention centers, and other facilities. Deal-makers include banks and financial institutions – which maintain about a third of naming-rights deals – energy companies, insurers, airlines, telecoms, auto companies, quick-service restaurants, brewers, and software makers.

49.2 Sports Stadiums And Arenas

According to *SportsBusiness Journal*, over $7 billion has been committed to naming-rights deals for new major league sports facilities. An additional $500 million is committed for college and minor league venues. Many of the deals have 20-year and 30-year terms.

The following are the largest naming-rights deals among professional sports stadiums and arenas (source: *SportsBusiness Journal*):

<table>
<thead>
<tr>
<th>Stadium/Arena (Location)</th>
<th>Total Value/Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays Center (Brooklyn, NY):</td>
<td>$400 million; 20 years ending 2031</td>
</tr>
<tr>
<td>Citi Field (New York, NY):</td>
<td>$400 million; 20 years ending 2028</td>
</tr>
<tr>
<td>Mercedes-Benz Stadium (Atlanta, GA):</td>
<td>$324 million; 27 years ending 2044</td>
</tr>
<tr>
<td>Chase Center (San Francisco, CA):</td>
<td>$300 million; 20 years ending 2035</td>
</tr>
<tr>
<td>Reliant Stadium (Houston, TX):</td>
<td>$300 million; 30 years ending 2032</td>
</tr>
<tr>
<td>Gillette Field (Foxboro, MA):</td>
<td>$240 million; 15 years ending 2031</td>
</tr>
<tr>
<td>U.S. Bank Stadium (Minneapolis, MN):</td>
<td>$220 million; 25 years ending 2040</td>
</tr>
<tr>
<td>FedEx Field (Landover, MD):</td>
<td>$207 million; 27 years ending 2025</td>
</tr>
<tr>
<td>Philips Arena (Atlanta, GA):</td>
<td>$185 million; 20 years ending 2019</td>
</tr>
<tr>
<td>American Airlines Center (Dallas, TX):</td>
<td>$195 million; 30 years ending 2030</td>
</tr>
<tr>
<td>Minute Maid Park (Houston, TX):</td>
<td>$178 million; 28 years ending 2029</td>
</tr>
<tr>
<td>National Car Rental Stadium (St. Louis, MO):</td>
<td>$158 million; 20 years ending 2035</td>
</tr>
<tr>
<td>University of Phoenix Stadium (Glendale, AZ):</td>
<td>$154 million; 20 years ending 2025</td>
</tr>
<tr>
<td>Bank of America Stadium (Charlotte, NC):</td>
<td>$140 million; 20 years ending 2023</td>
</tr>
<tr>
<td>Lincoln Financial Field (Philadelphia, PA):</td>
<td>$140 million; 20 years ending 2022</td>
</tr>
<tr>
<td>Nationwide Arena (Columbus, OH):</td>
<td>$135 million; indefinite</td>
</tr>
</tbody>
</table>
• Invesco Field at Mile High (Denver, CO): $120 million; 20 years ending 2027
• Lucas Oil Stadium (Indianapolis, IN): $122 million; 20 years ending 2027
• TD Garden (Boston, MA): $119 million; 20 years ending 2025
• Staples Center (Los Angeles, CA): $116 million; 20 years ending 2019
• Prudential Center (Newark, NJ): $105 million; 20 years ending 2027
• Citizens Bank Park (Philadelphia, PA): $95 million; 25 years ending 2029
• Toyota Center (Houston, TX): $95 million; 20 years ending 2023
• FedEx Forum (Memphis, TN): $90 million; 22 years ending 2024

Ranked by average annual value, the largest college stadium naming rights deals are as follows:

<table>
<thead>
<tr>
<th>School</th>
<th>Sponsor</th>
<th>Total Value/Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>USC</td>
<td>United Airlines</td>
<td>$70 million; 15 years ending 2031</td>
</tr>
<tr>
<td>Washington</td>
<td>Alaska Airlines</td>
<td>$41 million; 10 years ending 2025</td>
</tr>
<tr>
<td>Houston</td>
<td>TDECU</td>
<td>$15 million; 10 years ending 2024</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Kroger</td>
<td>$22 million; 12 years ending 2028</td>
</tr>
<tr>
<td>Minnesota</td>
<td>TCF National Bank</td>
<td>$35 million; 25 years ending 2034</td>
</tr>
<tr>
<td>North Texas</td>
<td>Apogee</td>
<td>$20 million; 20 years ending 2030</td>
</tr>
<tr>
<td>Central Florida</td>
<td>Charter Comm.</td>
<td>$15 million; 15 years ending 2022</td>
</tr>
<tr>
<td>College World Series</td>
<td>TD Ameritrade</td>
<td>$15 million; 15 years ending 2022</td>
</tr>
<tr>
<td>Texas</td>
<td>University Federal</td>
<td>$13 million; 15 years ending 2021</td>
</tr>
<tr>
<td>Boise State</td>
<td>Albertsons</td>
<td>$12 million; 15 years ending 2029</td>
</tr>
</tbody>
</table>

49.3 Performing Arts Centers

The following are performing arts venues with naming rights sponsors:

• American Airlines Theatre (New York, NY)
• Bank of America Pavilion (Boston, MA)
• Cadillac Palace Theatre (Chicago, IL)
• Citi Performing Arts Center (Boston, MA)
• Cobb Energy Performing Arts Centre (Cobb County, GA)
• Cricket Wireless Pavilion (Phoenix, AZ)
• DTE Energy Music Theatre (Clarkston, MI)
• Ferguson Center for the Arts (Newport News, VA)
• FirstMerit Bank Pavilion (Chicago, IL)
• Hollywood Casino Amphitheatre (Tinley Park, IL)
• INB [Inland Northwest Bank] Performing Arts Center (Spokane, WA)
• National City Pavilion (Cincinnati, OH)
• PNC Bank Arts Center (Holmdel Township, NJ)
• PlayStation Theater (New York, NY)
• Post-Gazette Pavilion (Burgettstown, PA)
• PrivateBank Theatre (Chicago, IL)
• Progress Energy Center for the Performing Arts (Raleigh, NC)
• Raising Cane's River Center (Baton Rouge, LA)
Sleep Train Amphitheatre (Chula Vista, CA)
Snapple Theater Center (New York, NY)
Gexa Energy Pavilion (Dallas, TX)
Susquehanna Bank Center (Camden, NJ)
Time Warner Cable Amphitheater (Cleveland, OH)
Times-Union Center for the Performing Arts (Jacksonville, FL)
Toyota Amphitheatre (Wheatland, CA)
USANA Amphitheatre (West Valley City, UT)
Verizon Wireless Theater (Houston, TX)
Wells Fargo Center for the Arts (Santa Rosa, CA)
Wells Fargo Pavilion (Sacramento, CA)
Xfinity Center (Mansfield, MA)
Xfinity Theatre (Hartford, CT)

49.4 Transit Systems

Faced with shrinking state support and budgetary shortfalls, increasing ridership, and an estimated $100 billion shortfall just to get to a state of good repair, transit systems across the nation are selling the naming rights of systems, facilities, and stations. The following are some examples:

- Cleveland named its new Bus Rapid Transit system the HealthLine after it received $6.25 million (over 25 years) from the Cleveland Clinic and University Hospitals.
- In Brooklyn, the Metropolitan Transportation Authority is being paid $4 million over 20 years for naming rights to the Atlantic Avenue-Barclays Center subway stop.
- The Chicago Transit Authority sold the naming rights of 11 “L” stations.
- Naming rights to public transit stations have been sold in Las Vegas and Philadelphia. Deals have been under consideration in New York and Boston. In San Francisco, a sponsorship for the MBTA's State Street station by Citizens Bank lasted from 1997 to 2000.
- In Tampa, naming rights for both streetcar stations and rolling stock are available.

“All we’re ever looking for is not only to do something good for the community, but to find another place for eyeballs to be looking at things.”

Jody Berg, Principal
Media Works
The New York Times

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In December 2016, the Los Angeles Metropolitan Transit Authority approved a naming rights policy for its facilities and routes, but rescinded the policy two months later over potential lawsuits. The Washington Post announced in February 2017 that the Washington Metro was considering selling naming rights for several stations.
NATIVE ADVERTISING

50.1 Overview

Native advertising – also called branded content and sponsored content – refers to media where the ad experience follows the natural form and function of the user experience in which it is placed. The intent of native ads is to make the paid advertising feel less intrusive and thus increase the likelihood users will engage with it. Native ads contrast with generic display ads, which are sometimes considered intrusive.

“Native advertising has been a broad and somewhat murky category – encompassing everything from advertorials to bespoke, custom units to content recommendation widgets and rewarded video ads that typically run inside mobile games.”

eMarketer, 1/30/17

The strategy of having advertisers sponsor or create content that looks like traditional editorial content has become common. Publishers are driven to support the use of sponsored content because of fewer people clicking on banner ads, the abundance of advertising space, and other factors that make it more difficult to generate revenue from traditional online advertising. It is difficult to estimate what advertisers spend on branded content because of the many ways the content is defined and sold. A series of customized articles on one website, for instance, and a series of social media posts on another are hard to compare.

The lines between media news content and advertising have blurred as brands have now leaked into what has traditionally been the editorial space. One result is that it is increasingly difficult for readers to tell editorial content from advertising.
“Content providers maintain an uneasy alliance with advertisers. Both sides know that ads enjoy greater attention when they are hard to separate from the content that surrounds them. And both sides need the advertising to succeed. But the content people also know their customers will balk if they feel that content has been compromised by paid marketing. As consumers’ devices and desires to filter out ads continue to advance, the line of permissible intrusion keeps moving deeper.”

Harvard Business Review

50.2 Online Branded Content

Online publications like The Huffington Post, The Atlantic, BuzzFeed, and Business Insider all use some form of branded content. The Huffington Post has partnerships with brands such as Johnson & Johnson and Cisco Systems to sponsor topics for webpages that pair content written by the brand and content written by Huffington Post reporters independently. Native advertising has become popular on social media sites.

“The vast majority of native display ad spending goes to social networks, driven mainly by Facebook. This year, native social network display ad spending will reach $18.59 billion, representing 84.2% of all U.S. native display. But social’s share of native is falling. We’re seeing a huge ramp up in non-social publishers adopting in-feed ads and video. Coupled with continued advances on the programmatic native front, this will accelerate non-social native display spending.”

eMarketer, 3/21/17
eMarketer assesses native digital display ad spending as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Social</th>
<th>Non-Social</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$14.00 billion</td>
<td>$2.21 billion</td>
<td>$16.21 billion</td>
</tr>
<tr>
<td>2017</td>
<td>$18.59 billion</td>
<td>$3.50 billion</td>
<td>$22.09 billion</td>
</tr>
<tr>
<td>2018</td>
<td>$23.32 billion</td>
<td>$5.02 billion</td>
<td>$28.24 billion</td>
</tr>
</tbody>
</table>

Native advertising is largely purchased on social platforms. Native mobile display ad spending will reach $19.50 billion in 2017, according to eMarketer, representing 88.3% of all native advertising, and the share is growing. Native mobile will represent 64.5% of all U.S. mobile display ad spending in 2017. Nearly all native display ads are purchased programmatically, thanks to the heavy influence of social ads. In 2017, native programmatic will represent 84.0% of all native digital display ad spending, or $18.55 billion.

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“Growth of native digital display is being driven by publishers’ pursuit of higher-value and more mobile-friendly inventory, as well as by advertisers’ demands for more engaging, less intrusive ads.”

eMarketer, 3/21/17

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Ad tracking by MediaRadar (www.mediaradar.com) found native ads labeled on consumer media websites as follows:

- Sponsored by: 54%
- No labeling at all: 12%
- Promoted by: 12%
- Presented by: 6%
- Provided by: 5%
- Brought to you by: 4%
- Partner content: 3%
- Content by: 2%
- Other label: 3%

50.3 Print Media

Forbes has worked with about two dozen brands in its venture into branded content. Its branded content platform was introduced in 2010 as AdVoice and rebranded in 2012 as BrandVoice. Advertising Age reported that 20% of Forbes’
revenue comes from deals that allow advertisers to publish stories directly to the magazine’s website.


“Newspapers for years have run special sections to appeal to advertisers, and almost all of the publishers running branded content say they abide by the traditional church-and-state separation – news on one side of the wall, advertising on the other. But the sponsored content runs beside the editorial on many sites and is almost indistinguishable.”

The New York Times

50.4 Television

Television has long used product placement, itself a form of native advertising. According to a survey by the Association of National Advertisers (www.ana.com), approximately two-thirds of major advertisers have used product placement as a promotional vehicle, with 80% of the content embedded within commercial television programming.

Native advertising on television has moved beyond product placement. One example is ABC’s drama series Revenge, where Target and Neiman Marcus teamed up to advertise co-branded merchandise. First the brands opted for sole sponsorship of the program, buying all ads in the hour-long segment. Then they retained the show’s cast to perform in character in five long-form commercials. While the spots were clearly ads, they were like a “story within a story,” with all the elements viewers were already watching.
51.1 Personalized Marketing

*Trends in Personalization 2016*, by Evergage (www.evergage.com), reported channels where U.S. marketers are using personalization as follows (percentage of respondents):

- Email: 67%
- Website: 56%
- Mobile website: 27%
- Mobile app: 20%
- Web app: 19%

A survey by Infogroup (www.infogroup.com) found that marketers are executing personalized marketing campaigns in the following channels:

- Email: 65%
- Direct mail: 64%
- Website: 40%
- Social media: 27%
- Telemarketing: 19%
- Print: 18%
- Display ads: 17%
- Mobile ads/apps: 13%
- Text messaging: 11%
- None: 6%

Retail TouchPoints (www.retailtouchpoints.com) found marketing channels personalized by retailers as follows (percentage of respondents):

- Email: 71%
- E-commerce site: 61%
- Digital ads across the Web: 61%
- Social media: 59%
- Mobile e-commerce site: 52%
- Mobile app: 50%
- Mobile app while customer is in-store: 45%
51.2 Personalization Tactics

In a survey by Forrester Research (www.forrester.com) marketers reported using the following personalization tactics (percentage of respondents):

- Use personalization based on broad segmentation and simple clustering techniques to execute campaigns across digital channels: 86%
- Use personalization based on simple business rules and execute campaigns across digital channels: 83%
- Personalize products, offers, and content based on the collective insights of users with similar preferences: 81%
- Use real-time, self-learning analytics to drive personalization across digital channels: 71%
- Use artificial intelligence algorithms to personalize interactions across digital channels: 57%

Another survey by Forrester Consulting asked senior marketers about the approaches to personalized marketing at their company. Responses were as follows (percentage of respondents):

- Use data extracted from loyalty and customer value programs to create relevant personalized offers: 69%
- Use behavior-based data to develop the right content based on insights and emotions: 67%
- Use customer data to create individualized content and offers on a channel-specific basis: 64%
- Integrate customer data to create individualized content and offers that span across channels: 61%
- Use customer data to create targeted content and offers by demographics: 52%
- Use demographic categories to create at least some level of personalization for unidentified prospected customers: 37%

“Research from Forrester Consulting emphasizes the growing importance of personalization in the emerging content marketing discipline.”

eMarketer, 8/10/16
51.3 Implementation

A survey by CEB (www.ceb.com), a Gartner company, asked senior B2C marketing executives the status of personalized marketing communications by their company. Responses are as follows (percentage of respondents):

- Personalizing on more than one channel and integrating: 14%
- Personalizing on more than one channel without integrating: 34%
- Personalizing marketing communications on a single channel: 19%
- Exploring; not yet personalizing marketing communication but laying the groundwork: 33%

Technologies used to enable digital personalization are as follows:

- Web analytics software: 71%
- CRM system: 64%
- Content management system: 56%
- A/B testing and campaign optimization software: 49%
- Marketing automation software: 42%
- Marketing operations dashboard: 38%
- Retargeting software: 32%
- Tag management system: 32%
- Data management platform: 26%
- Predictive analytics software: 18%
- Demand side platform: 10%
- Other: 3%

“[The] study looked into what types of personalization technology business executives use. More than half of senior B2C marketers told CEB that they relied on tools like web analytics software, customer relationship management (CRM), and content management systems.”

eMarketer, 1/17/17

Data types being collected are as follows:

- Demographic data: 76%
- Purchase history: 66%
- Media consumption: 66%
• Browser history on owned sites: 59%
• Service history: 55%
• User preferences: 54%
• Primary/secondary research data: 52%
• Brand engagements: 52%
• Social graph data: 35%
• Psychographic data: 32%
• Browser data beyond owned sites: 27%
• Offline consumer behavior: 22%

51.4 Customer Response To Personalization

In a survey by MyBuys (www.mybuys.com), consumers reported the following responses to cross-channel personalization (percentage of respondents):
• Likely to engage with a new brand and purchase when they saw online ads for products they were interested in based on current and past purchases: 52%
• Purchased more from retailers that served personalized ads promoting offers and products from past website visits: 49%
• Purchased more from retailers that served personalized emails based on past browsing and buying behavior: 48%
• Feel that receiving a consistently personalized shopping experience from one channel to the next is an important omnichannel retail capability: 47%

In a survey by CMO Council (www.cmocouncil.org), sponsored by IBM Digital Experience (www-03.ibm.com/software/products/en/category/digital-experience), senior marketers identified the leading benefits of using personalized content as follows (percentage of respondents):
• Higher response and engagement rates: 56%
• More timely and relevant interactions: 47%
• Greater customer affinity and word-of-mouth: 44%
• Conversion of more customers: 43%
• Clearer and more persuasive communication: 43%
• Differentiation of brand from others: 40%
• Higher loyalty and retention: 40%
• Better recall and recognition of brand: 39%
• Attraction of more prospects: 38%
• More compelling product sell or brand narrative: 37%
• Stronger appeal to Millennials: 28%
“According to data from the CMO Council, higher response and engagement rates are the No. 1 reason for using personalized content.”

eMarketer, 1/26/17
52

PRICING

52.1 Overview
Along with product, promotion, and place, pricing is one of the Four Ps of the classic marketing mix.

A recent survey by The NPD Group (www.npd.com) asked consumers what factors they considered extremely important in deciding where to shop. Responses were as follows (percentage of respondents):

• Price: 85%
• Sales and special deals: 75%
• Convenience of location: 60%
• Ease of shopping: 60%
• Customer service: 56%

="Price trumps sales and special deals, customer service, and convenience as a factor in deciding where to shop for the majority of U.S. consumers. Eighty-five percent of consumers say the price needs to be right before they shop.”

The NPD Group

In a survey of Millennials (ages 18-to-34) by IRI (www.iriworldwide.com), item price ranked as the #1 influencer of brand selection, ahead of previous usage and trust of brands, shopper loyalty cards, and advertising. Eighty-seven percent (87%) of survey respondents said price was among the two top influencers.

Retailers must strike a balance between offering prices that are attractive to customers, yet still provide themselves with a reasonable margin. Underpricing can drastically cut into a company’s bottom line.
“Companies leave millions of dollars on the table every year through sub-optimal pricing practices. The current abundance of customer data, in the context of increased global competition and the instant information sharing made possible by the Internet, requires companies to not only set the right prices, but to continually monitor and refine pricing.”

UC Berkeley Pricing for Profitability

Brands hurt their profits the most when deals that should be targeted just to price-sensitive shoppers also reach those who would pay full price without them.

52.2 Price Sensitivity

Dunnhumby USA (www.dunnhumby.com) has found that about 60% of consumers are price sensitive. Dunnhumby identifies price-sensitive shoppers based on how frequently they use coupons, how much they consistently purchase lower-price items, and how often they buy items on promotion. Income is only slightly correlated to price sensitivity.

The Electronic Retailing Association (www.retailing.org) estimates 70% of consumers are price sensitive.

“According to the Electronic Retailing Association blog, 70% of the U.S. population will not buy a brand without a discount simply because they cannot afford to do so.”

Research Brief
Center for Media Intelligence
Time reported that 40% of items purchased by consumers are at some discount, an increase from 10% of sales in 1990 that were discounted.

“There’s not a weekend where an average specialty retailer in the mall is not offering some kind of 30% to 40% off deal. It certainly feels like the consumer is not shopping unless there’s some kind of deal attached to it. And it’s very hard to pull back when the consumer gets used to buying things on sale.”

Bloomberg Businessweek

52.3 In-Store Vs. Online Pricing
In an analysis of in-store and online pricing trends, Anthem Marketing Solution (www.anthemedge.com) found 71% of items reviewed were listed at the same price online and offline. Where pricing differed, 65% of online prices were lower; 35% of in-store prices were lower.

In the Hardware/Home Improvement category, 90% of items had the same price both offline and online. The Beauty category had the highest proportion of items priced lower online. Office/School Supplies was the only category with an offline price edge. Pharmacy retailers had the lowest level of pricing consistency across channels.

52.4 Dynamic Pricing
Dynamic pricing, also called market-based pricing and variable pricing, adjusts prices based on demand. It was introduced by airlines in the 1980s when carriers began shifting capacity by offering discounts on full fare prices. Most travelers today are aware that fares fluctuate with demand. The dynamic pricing model is also popular in professional sports ticketing. Most MLB, NBA, NFL, and NHL teams adjust single-game ticket prices – up or down – as late as game day.

Dynamic pricing took hold in online retail in 2012 when Amazon and online sites for Best Buy, Kmart, Kohl’s, Sears, Target, Walmart, and other major retailers began regularly changed pricing based on demand and competitors’ discounting. The most aggressive sellers adjust prices in 10-to-15-minute windows.
“Retail price wars online have entered a new era of speed and precision, creating a confusing landscape for shoppers in which prices leap and plummet on short notice. In the old days, merchants sent employees into competitors’ stores to check on pricing, and days later ‘sale’ signs reflected new markdowns. Now, sophisticated computer programs accomplish the same goal online within hours, and even minutes.”

The New York Times

A host of monitoring services and software tools is available to guide online retailers in their pricing. Providers of these services and tools include the following:

- 360pi (www.360pi.com)
- Competitor Monitor (www.competitormonitor.com)
- Dynamite Data (www.dynamitedata.com)
- Mercent (www.mercent.com)
- Monzenda (www.monzenda.com)
- OpSec (www.opsecsecurity.com)
- PriceManager (www.pricemanager.com)
- Profitero (www.profitero.com)
- Upstream Commerce (www.upstreamcommerce.com)
- WisePricer (www.wisepricer.com)

52.5 Price Matching

DealScience (www.dealscience.com), a company that ranks online deals from thousands of retail brands, found that at least 20% of big-box retailers have price-matching policies, though many do not advertise them. The practice is commonplace for home goods and sporting goods and electronics, but even higher-end merchants like Nordstrom have price-matching guidelines. Some retailers including Best Buy, Home Depot and Lowe’s let managers go a step better than price matching by offering 10% below a competitor’s price.

While retailers dislike price matching, once one retailer offers to do it, rivals feel compelled to follow. Because price equivalencies are not always simple to ascertain, matching policies vary. Best Buy, for instance, lets customers match prices if the rival
store is within a 25-mile radius, while Walmart lets store managers decide how far and wide price-matching applies.

BDO USA (www.bdo.com) found that 18% of retailers considered price matching to be their most successful promotional strategy.

_________________________________________________________________

“Price-matching policies make sense when one considers how easy digital has made it for consumers to check prices.”

emarketer

_________________________________________________________________

A survey by PricewaterhouseCoopers (www.pwc.com) found price comparing to be the second most popular shopping-related digital activity among consumers, trailing product research by only one percentage point.

Recognizing that their strongest competition is online retailers, not nearby stores, some retailers have expanded their price-matching. During the holiday season, for example, Best Buy matched the prices of any online competitor if customers showed proof of the lower price. With such bold policies, price-matching is morphing into pricing negotiations with customers.

The New York Times reported that when a shopper asked at Nordstrom and Bloomingdale’s if the retailers were open to bargaining, sales representatives and managers at both stores said yes without hesitation. And, at Kohl’s, when a shopper asked for a 15% discount, the answer was yes.

According to Alison Kenny Paul, vice chairwoman and leader of the retail and distribution practice at Deloitte (www.deloitte.com), some retailers are training employees on the rules of bargaining. While it is mainly department or floor managers who are given the authority to make deals, other employees are being coached to recognize when a consumer needs to negotiate and how to spot the consumer getting ready to walk out the door.
“Armed with increasingly sophisticated price-tracking tools on their smartphones and other devices, consumers have become bolder, and they know that they often have the upper hand during a tough season for retailers. Recognizing the new reality, some retailers, desperate for sales and customer loyalty, have begun training their employees in the art of bargaining with customers.”

*The New York Times*

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**52.6 Personalized Pricing**

Using customers’ buying profiles, either from their online purchase history or loyalty program in-store purchases, retailers are able to make intelligent guesses about what customers will want to buy next, when they will want it, and how much they will be willing to pay. Retailers, particularly in the supermarket sector, are using customers’ buying history logged with their loyalty program purchases to customize coupon promotions for individuals. Promotions are then tailored to the customer profiles.

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“For the past decade, e-commerce sites have altered prices based on your Web habits and personal attributes. What is your geography and your past buying history? How did you arrive at the e-commerce site? What time of day are you visiting? An entire literature has emerged on the ethics, legality and economic promise of pricing optimization.”

*Scientific American*
A survey by RetailWire (www.retailwire.com) found that marketers rank personalized pricing/promotion as the #1 pricing strategy in combating problems caused by pricing transparency.

52.7 Pricing Market Research
Market research companies offer two general types of pricing studies: those which determine acceptance of a product or service sold at a specified price, and those which determine the possible effect on demand of different price levels (i.e., elasticity).

A directory of companies that provide pricing consulting studies is available online at www.greenbook.org/market-research-firms/price-research.

52.8 Pricing Research Centers
Columbia University, Center for Pricing and Revenue Management, Uris Hall, Room 408, New York, NY 10027. (212) 851-5815. (http://www7.gsb.columbia.edu/cprm/)

Fordham University Pricing Center, Graduate School of Business, 113 West 60th Street, New York, NY 10023. (212) 636-6296. (www.fordham.edu/cba/pricecenter/)

Rochester University Center for Pricing, Simon Business School, Schlegel Hall, Rochester, NY 14627. (585) 276-3381. (www.simon.rochester.edu/about-simon/centers-for-excellence/the-center-for-pricing/index.aspx)

University of California Berkeley, Pricing Program, Haas School of Business, 2000 Center Street, Berkeley, CA 94704. (http://executive.berkeley.edu/programs/pricing-profitability-information-age)
53

PROGRAMMATIC ADVERTISING

53.1 Overview
Programmatic advertising is a general term that refers to the automation of buying and selling digital ads. An advertiser can buy a certain number of impressions on a website in advance at an agreed price and execute the order by computer, avoiding the need for paperwork. Originally the term was synonymous with real-time bidding (RTB) for digital ads. Use of the term has expanded to include serving the right ad to the right person at the right time using digital channels.

“Real-time bidding sounds high-tech but is straightforward. When a consumer visits a website, his browser communicates with an ad server. The server sends a message to an exchange to provide data about that user, such as his IP address, his location and the website he is visiting. Potential ad buyers send their bids to the exchange. The highest one wins and an ad is served when the website loads. All this typically takes about 150 milliseconds.”

The Economist

Programmatic bidding was first used over a decade ago in search advertising, in which advertisers would bid for search terms entered by users, and Google and other companies served relevant ads alongside the search results. It is now used for all types of digital advertising.

Using programmatic bidding, an advertiser typically uses a supply-side platform (SSP) that helps publishers sell their inventory, a demand-side platform (DSP) that gives access to buyers, and a data-management platform (DMP) to store and buy information about users.
“In the digital advertising world today, marketers are faced with an overwhelming level of inventory and audience fragmentation. Each customer interaction happens on a different device, different media channel and at a different time during the lifecycle of brand engagement. Data is generated throughout. Programmatic buying helps bring order to this fragmentation. It enables marketers to consolidate customer interactions across multiple channels into a single dashboard, and then use that dashboard to develop a single, overarching strategy for those audiences. Along the way, it helps marketers use data to increase advertising effectiveness by assigning a value to every impression. It then uses that value to ensure the marketer doesn’t waste budget by advertising to prospects who will never have an interest in their brand.”

AdExchanger

<table>
<thead>
<tr>
<th>Year</th>
<th>Spending</th>
<th>Percent Change</th>
<th>Percent of Total Spending</th>
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<td>$17.50 billion</td>
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<td>65.0%</td>
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<td>2016:</td>
<td>$25.48 billion</td>
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<td>73.0%</td>
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<td>2017:</td>
<td>$32.56 billion</td>
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<td>78.0%</td>
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<td>2018:</td>
<td>$39.46 billion</td>
<td>21.2%</td>
<td>81.5%</td>
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<tr>
<td>2019:</td>
<td>$45.49 billion</td>
<td>16.4%</td>
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Mobile Programmatic Digital Display Ads

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<th>Percent Change</th>
<th>Percent of Total Spending</th>
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</thead>
<tbody>
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<td>2016</td>
<td>$17.99 billion</td>
<td>68.4%</td>
<td>75.0%</td>
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<tr>
<td>2017</td>
<td>$24.14 billion</td>
<td>34.2%</td>
<td>79.8%</td>
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<td>2018</td>
<td>$30.09 billion</td>
<td>24.7%</td>
<td>82.9%</td>
</tr>
<tr>
<td>2019</td>
<td>$36.09 billion</td>
<td>20.0%</td>
<td>85.2%</td>
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Programmatic Digital Video Ads

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<th>Year</th>
<th>Spending</th>
<th>Percent Change</th>
<th>Percent of Total Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$0.63 billion</td>
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<td>12.0%</td>
</tr>
<tr>
<td>2015</td>
<td>$2.99 billion</td>
<td>374.6%</td>
<td>39.0%</td>
</tr>
<tr>
<td>2016</td>
<td>$5.51 billion</td>
<td>56.5%</td>
<td>56.0%</td>
</tr>
<tr>
<td>2017</td>
<td>$7.62 billion</td>
<td>38.0%</td>
<td>65.3%</td>
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Programmatic TV Ads

<table>
<thead>
<tr>
<th>Year</th>
<th>Spending</th>
<th>Percent Change</th>
<th>Percent of Total Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$0.31 billion</td>
<td>201.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>2016</td>
<td>$0.71 billion</td>
<td>127.8%</td>
<td>1.0%</td>
</tr>
<tr>
<td>2017</td>
<td>$2.16 billion</td>
<td>206.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>2018</td>
<td>$4.43 billion</td>
<td>105.0%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

53.3 Benefits Of Programmatic Advertising

In a survey by Econsultancy (www.econsultancy.com), senior marketers reported the benefits of running programmatic brand advertising campaigns as follows (percentage of respondents):

- Increased efficiency: 64%
- Reduced overall advertising costs: 58%
- Ability to optimize and target the right audience in real time: 56%
- Higher ROI: 52%
- Opportunity to leverage first-party data: 52%
- Ability to build effective cross-device campaigns: 49%
- Greater data and insights to understand customers: 49%
- Ability to achieve scale: 48%
- Reduced time to launch campaigns: 45%
- Opportunity to leverage third-party data: 45%

According to a 2016 survey by Advertising Age, media ad buyers find the following factors important when buying programmatically (percentage of respondents):

- Ability to buy display: 68%
- Ability to buy inventory across channels via a single platform: 67%
- Ability to buy rich media: 60%
- Ability to buy video in-stream: 59%
“On its face, programmatic advertising promises a lot. It makes the ad placement market more efficient, helps sell unused inventory, reaches buyers or sellers that otherwise would not be accessible, provides numerous filters to customize orders and works 24/7 through automation.”

Local Search Association
LSA Insider, 8/25/16

53.4 Challenges For Advertisers

Ad Buyer Survey IV, conducted in 2016 by Cowen and Company (www.cowen.com), reported that U.S. senior ad buyers find challenges with programmatic advertising as follows (percentage of respondents):

- Multidevice measurement: 57%
- Fraud: 47%
- Ad blocking (in general): 47%
- Ad blocking on smartphones: 35%
- Privacy issues: 18%

“[Critics] claim programmatic lacks visibility or transparency, leads to greater opportunity for fraud, is vulnerable to bots, and generally lacks human intuition to place ads that make the most sense.”

Local Search Association
LSA Insider, 8/25/16
The programmatic marketplace is improving in areas of ad viewability and bot traffic. According to the 2016 Programmatic Media Market Pulse, by Accordant Media viewability rates increased 31% in 2016 and non-human traffic rates decreased by almost 60%.

### 53.5 Conversion Rates And Offline Sales

Accordant Media compared people receiving programmatic ads to a control group that had not been exposed to ads. The digital programmatic campaign resulted in an incremental increase of 35% more offline sales. This represented a 55% lift or increase in conversion rate.

Lift in conversion occurred at all stages of the purchase funnel: awareness, consideration, and transaction. Response to programmatic ads, by phase, was assessed as follows:

- **Awareness phase**: 20% incremental increase in conversion; 25% lift
- **Consideration phase**: 44% incremental increase in conversion; 78% lift
- **Transaction phase**: 44% incremental increase in conversion; 79% lift

> “Most importantly ... advertising placed through the programmatic marketplace results in a huge lift to conversion and offline sales.”

Local Search Association

*LSA Insider, 8/25/16*

### 53.6 Programmatic Ad Pricing

Direct ad inventory often sells for higher rates than programmatic units. A survey of U.S. publishers by Operative (www.operative.com) identified factors that contribute to the price difference as follows (percentage of respondents):

- Lack of sales expertise in selling programmatic: 25%
- Difference in audience data available: 21%
- Lack of inventory visibility: 21%
- Programmatic inventory sold is lower quality: 21%
- Lack of analytics resources: 19%
- Perception that programmatic is inferior to direct: 18%
- Advertiser behavior beyond the control of publisher: 10%
- Lack of yield management: 5%
- Billing process impedes programmatic business: 5%
“Even as demand for programmatic grows with brands and media buyers, many publishers still struggle with how to manage, price and sell such inventory, leading to lower-than-expected revenues.”

eMarketer, 1/30/17
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PROMOTIONS

54.1 Market Assessment
Overall spending on consumer promotions is estimated at $50 billion annually. This chapter provides a review of types and methods of promotions and identifies leading agencies serving this field. Specific types of promotion are assessed elsewhere in this handbook, as follows:
- Coupons (Chapter 35)
- Loyalty programs (Chapter 48)
- Shopper marketing and in-store promotions (Chapter 56)

54.2 Types of Promotions
Promotions involve the use of incentives designed to stimulate the purchase or sale of a product usually in the short term.
Types of premium promotions include the following (source: Promotional Products Association International [PPMI, www.ppai.org]):

Account opener
- Premium given to customers as a reward or thank you for opening an account.

Advance premium
- Premium given to new customers on condition they will earn it by later purchases.

Award
- Recognition merchandise, often personalized, used to acclaim performance or milestones; may be useful objects (e.g., paperweights, clocks) or for display only (e.g., plaques, trophies).

Bonded premium
- Point-of-purchase premium attached to a product.

Collectibles
- Premiums designed to have inherent value based upon their perceived collectibility.

Commemorative
- A merchandise keepsake used to mark a ceremony, anniversary, event, or milestone.
Container premium
• A product container, which when empty, may be used as a container for other items. These items are usually partially or completely self-liquidating since the consumer pays for the product.

Continuity premiums
• A series of related premiums offered over a period of six to eight weeks.

Direct premium
• An item given free with a purchase at the time of the purchase. These include on-packs, in-packs, and container premiums as well as those given separately.

Door opener
• An item of value offered by a salesperson to persuade potential buyers to listen to a sales presentation or to initiate interest in a product or service for a sales call follow-up.

Giveaway
• Direct premium given free of charge or obligation to generate awareness and goodwill.

Incentive
• Reward for a purchase or performance.

In-pack
• A premium offered inside a product package.

Keeper
• A premium offered in direct-mail marketing for accepting a free trial of the merchandise and to be kept by the consumer even if the trial item is returned.

On-pack
• A direct premium attached to the exterior of a product package or sometimes riding with it in a special sleeve, carton, or film wrap.

Premium
• A product or service offered free or at a reduced price if the recipient performs some task, such as purchasing an item.

Prize
• Reward given to winner in a contest, sweepstakes, or lottery, sometimes referred to as a sales incentive award.
Referral premium
• A premium offered to customers for helping to sell a product or service to friends or associates.

54.3 Methods of Promotions

The PPMI classifies promotional methods as follows:

Bounce back
• An advertisement sent along with an already ordered self-liquidating premium to sell other premiums on a self-liquidating basis.

Combination sale
• A tie-in of a premium with a purchase at combination prices; sometimes self-liquidating; often an on-pack.

Contest
• A competition based on skill, in which prizes are offered.

Continuity program
• An offer of products over time.

Direct mail
• A mailing of a package, other print collateral, or materials that are targeted directly to a predefined list of customers.

Marketing mix
• Combining marketing elements, including advertising, promotional products, direct mail, and public relations into one cohesive marketing program.

Perceived value
• What someone believes merchandise to be worth. To successfully sell premiums, the consumer must be convinced the proposed premium is worth putting forth the extra effort required to earn the item.

Traffic builder
• A promotional product or premium designed to get consumers to come to a store or a trade show.

54.4 Promotions Agencies

According to Advertising Age (May 2017), the following are the largest promotions agencies:
• Advantage Marketing Partners
(www.advantagemarketingpartners.com): $639 million
• IN Marketing Services (www.inmarketingservices.com): $352 million
• Mosaic (www.mosaic.com): $352 million
• Freeman (www.freemanco.com): $324 million
• MarketStar [Omnicom] (www.marketstar.com): $216 million
• Momentum Worldwide [Interpublic] (www.momentumww.com): $204 million
• Catapult [Epsilon] (www.catapultrpm.com): $201 million
• Geometry Global (www.geometry.com): $190 million
• The Marketing Arm [Omnicom] (www.themarketingarm.com): $165 million
• Integer Group [Omnicom] (www.integer.com): $158 million
• George P. Johnson (www.georgepjohnson.com): $145 million
• GMR Marketing [Omnicom] (www.gmrmarketing.com): $138 million

54.5 Market Resources
Promotional Products Association International (PPMI), 3125 Skyway Circle North, Irving, TX 75038. (888) 426-7724. (www.ppai.org)
55.1 Overview
Marketers segment consumers into demographic, economic, and lifestyle categories for the purpose of targeting promotions. This chapter presents seven such segmentation schemes.

55.2 Community-Based Segmentation
Patchwork Nation (www.patchworknation.org), a reporting project of the Jefferson Institute (www.jeffersoninst.org), uses demographic and cultural data to cluster and organize communities into ‘types of place,’ categorizing America’s 3,141 counties into 12 community types based on characteristics such as income level, racial composition, employment, and religion.

The following links to segmentation categories: www.rkma.com/segmentation1.pdf.

55.3 Customer Personality-Based Segmentation
ELoyalty (www.eloyalty.com), a help-line service, categorizes consumers by temperament. This segmentation is used to guide customer service representatives in handling each customer appropriately.

The following links to segmentation categories: www.rkma.com/segmentation2.pdf.

55.4 Economic-Based Segmentation
Nielsen Claritas (www.claritas.com) licenses three segmentation systems (www.claritas.com/MyBestSegments/Default.jsp) to clients for use as customer development tools.

The following links to segmentation categories: www.rkma.com/segmentation3.pdf.

55.5 Household-Based Segmentation
Cohorts, a household-based segmentation system developed by IXI Corporation (www.ixicorp.com), identifies 30 distinct segments of the population based on the demographic and lifestyle makeup of each individual household.

Cohorts divides virtually all U.S. households into cohesive, homogeneous
groups of people who share distinct demographic, lifestyle, and consumer behavior characteristics. It does not assume that neighbors are in all cases similar or characterize households by the average characteristics of their neighborhood.

Clusters are associated with four major age breaks: under age 35 (Young), 35-to-54 (Working Years), 55-to-64 (Pre-Retirement), and 65 or older (Retired). Life-cycle/life-stage, marital status, and presence of children are also considered.

The following links to segmentation categories: www.rkma.com/segmentation4.pdf.

55.6 Lifestyle-Based Segmentation
Considering that 61% of U.S. adults are sports fans, according to the Marist College Institute for Public Opinion (www.maristpoll.marist.edu), sports-based segmentation can provide valuable insight into the American consumer.

Team Epic (www.anepiccompany.com), which classifies consumers by lifestyle, provides a tool for marketers to better evaluate sports fans’ emotional motivations, their purchasing and social media behavior, and their lifestyle habits both within and outside of sports. The methodology segments sports fans into five distinct clusters based on characteristics such as avidity, engagement with sponsors, socioeconomic status, and personal outlook on life.

While the Team Epic assessment focuses on sports, the methodology is applicable to a broader range of consumer assessments because the segmentation is based on lifestyle attributes rather than specific sport preferences.

The following links to segmentation categories: www.rkma.com/segmentation5.pdf.

55.7 Millennial Segmentation
Fizziology (www.fizziolo.gy) segments Millennial adults (ages 18-to-34) into four groups. This assessment focuses on Millennials’ media use and social activities and is used by advertisers to guide ad placement.

The following links to segmentation categories: www.rkma.com/segmentation6.pdf.

55.8 Socioeconomic Segmentation
Acxiom (www.acxiom.com), a database marketing company, developed the PersonicX Classic segmentation schema that categorizes households by socioeconomic metrics into 21 life-stage groups and 70 clusters. PersonicX Classic places each U.S. household in one of the segments based on financial, consumer behavior, and demographic characteristics.

The following links to segmentation categories: www.rkma.com/segmentation7.pdf.
56

SHOPPER [IN-STORE] MARKETING

56.1 Overview
Shopper marketing is the study of how shoppers behave in the store – to which marketers respond with various efforts aimed at influencing decision-making and buying. Strategy& (www.strategyand.pwc.com) estimates annual manufacturer investment in shopper marketing at $45 billion. Spending is increasing 15% annually.

“Shopper marketing is both a new discipline and an old practice. Marketers have long used the in-store environment to make that last-ditch effort to influence a purchase. But until a decade or so ago, that messaging was often largely disconnected from the brand-building outside the store that dominated marketing campaigns and budgets.”

Advertising Age

56.2 In-Store Decision-Making
A long-standing theory based on a 1995 study by Meyers Research Center (www.meyersresearch.com) for the Point of Purchase Advertising Institute (POPAI, www.popai.com) has held that 70% of buying decisions take place in-store. More recent studies, however, hold a different view.

A study by OgilvyAction (www.ogilvyaction.com) found that only 39% of U.S. shoppers wait until they’re in the store to decide what brand to buy – about 10% change their minds about brands in the store, 29% buy from categories they didn’t intend to buy from, and almost 20% leave a product they’d planned to buy on the shelf. In all, the study found that 72% of shoppers make one of four major purchase decisions in the store. While significantly lower than the POPAI estimate, the OgilvyAction assessment
still confirmed that customers do a lot of decision-making in-store.

In even starker contrast to the findings by POPAI and OgivlyAction, IRI (www.iriworldwide.com) found that more than three-quarters (76%) of consumers were making their purchase decisions at home.

In spite of the newer reports, or perhaps because of them, marketers are making hard drives toward integrating campaign as they aim to bridge the gap between in-store and out-of-store pitches.

56.3 In-Store Promotions

According to a survey by Prosper Insights & Analytics (www.goprosper.com), the following percentages of consumers are influenced by these select in-store promotions:

- Product sample: 52%
- Product labels: 43%
- Shelf coupons: 40%
- Special displays: 36%
- Store loyalty/card: 33%
- Coupon on register tape: 28%
- In-store events/contests: 28%
- Parking lot/sidewalk events: 18%
- Floor graphics: 12%
- In-store TV: 11%
- In-store radio: 8%

One of the most basic in-store marketing techniques is shelf coupons. According to NCH Marketing Services (www.nchmarketing.com), the redemption rate for instant on-pack coupons is 23%, the highest rate among all categories of coupons.

Stores now use a wide range of technology in their in-store promotions, from shelf-talkers to digital end-aisle displays to in-store video networks. Even the most distracted shopper has a difficult time ignoring some of the newest gadgets, like floors that talk, messages that swoop down from the ceiling, and motion sensors that trigger on-shelf light shows. Among the most recent innovations are apps that allow shoppers to request information via their cellphone or mobile device.

56.4 Sampling

Total annual spending on sampling at retail stores is approximately $2.5 billion. Sampling is most commonly associates with food samples offered in supermarkets and mall food courts. Sampling of beauty products and fragrances in retail stores is also popular.

It is estimated that about 70 million consumers every quarter receive some type of sample while shopping, with one-third of those who have sampled buying the product during the same shopping trip.
Advocates of sampling point to a simple reason for the sampling boom: It works. According to Scott Thurston, president of Street Sampling (www.streetsampling.com), a giveaway of 50,000 samples typically requires about 250 man hours, or about $15,000 to $20,000 in labor. This translates to a cost of 30¢ to 40¢ per sample, a relatively low cost considering the level of engagement which is achieved.

Still, marketers are craftily tailoring sampling programs more tightly these days with more narrowly focused markets.

“Long gone are the days when a brand is doling out three million to five million samples at a time. It’s become more expensive to get a sample out [so marketers are looking to maximize results].”

Cindy Johnson, President
Sampling Effectiveness Advisors

Research by Arcature (www.arcature.com) has found that 80% of consumers prefer a free sample to a coupon, and one-third would be willing to come back and pay for something they had sampled and liked.

**56.5 In-Store TV**

TV-like monitors along aisles and near checkout are used by retailers to broadcast in-store promotions, shopping suggestions, and product-supported advertising.

Walmart TV, the largest in-store network, boasts more than 125,000 screens in over 3,000 of its U.S. stores, with a potential audience of more than 127 million shoppers per week. Other retailers using in-store networks include 7-11, Albertsons, BJ’s Wholesale Club, Costco, Fresh Market, Meijer, Pathmark, Sam’s Club, and Target, among others. Several restaurant chains including Arby’s, Denny’s, KFC, Taco Bell, and Wendy’s also use in-store networks.

Research from IZ-ON Media (www.izonmedia.com), the largest in-store network provider, shows that in-store TV marketing generates 56% average recall, compared with 21% for regular TV spots.
56.6 Market Resources
Path to Purchase Institute, 8550 W. Bryn Mawr, Suite 200, Chicago, IL 60631
(773) 992-4450. (www.p2pi.org)

Shop!, 4651 Sheridan Street, Suite 470, Hollywood, FL 33021. (954) 893-7300.
(www.shopassociation.org)
SMALL- AND MEDIUM-SIZED BUSINESS
ADVERTISING & MARKETING

57.1 Overview
Definitions of small- and medium-sized businesses (SMBs) vary. One of the
most common assessments is by employee counts: small businesses are those with
fewer than 20 employees and a cut-off of 500 employees for medium-sized businesses.
The U.S. Census Bureau (www.census.gov) and the Small Business Administration
(www.sba.gov) report the number of businesses by employee count as follows:
- No employees: 22.11 million
- 1-to-19 employees: 5.16 million
- 20-to-499 employees: 557,000
- 500 or more employees: 17,000

The Small Business Administration’s Table of Small Business Size Standards
(www.sba.gov/content/small-business-size-standards) defines small businesses based
on both number of employees and revenue by sector.

The National Center for the Middle Market (www.middlemarketcenter.org) at
Ohio State University defines a medium-size company as one with average annual
revenue of between $10 million and $1 billion. Approximately 197,000 U.S. companies
comprise this range.

In a poll by the National Small Business Association (www.nsba.biz), 72% of
SMBs are somewhat or very confident in the financial future of their companies, and
51% of SMBs pointed to new advertising and marketing strategies as their primary
growth strategy.

In a survey by Gallup (www.gallup.com), attracting customers and finding new
business was the top challenge among U.S. small business owners.

57.2 Market Assessment
BIA/Kelsey (www.biakelsey.com) estimates 2016 spending by SMBs for
advertising and marketing at $31 billion. The compound annual growth rate is 12%.
Distribution is as follows:
- Traditional advertising: 53%
- Digital/online media: 24%
- Customer retention business solutions: 16%
- Performance-based commerce and transaction platforms: 8%
Among SMBs that spend at least $25,000 a year on advertising and promotions, *Local Commerce Monitor* (February 2017), by BIA/Kelsey, reported top media used as follows:

- Direct mail: 66.3%
- Internet Yellow Pages: 61.8%
- Facebook: 61.5%
- Website video: 54.8%
- Community sponsorships: 54.8%
- Facebook ad: 54.0%
- Email: 53.8%
- Giveaways: 52.5%
- Cable: 51.3%
- Magazines: 48.3%

Thrive Analytics (www.thriveanalytics.com) reported 2017 marketing budget change among SMBs as follows:

<table>
<thead>
<tr>
<th>Increase</th>
<th>Same</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital (email, Internet Yellow Pages, online ads, online video, social media, website marketing):</td>
<td>40%</td>
<td>57%</td>
</tr>
<tr>
<td>Traditional (direct mail, newspapers, radio, TV, Yellow Pages):</td>
<td>30%</td>
<td>61%</td>
</tr>
</tbody>
</table>

The 2017 *Small Business Marketing Trends Report*, by Infusionsoft (www.infusionsoft.com), reported marketing channels for which SMBs increased their budget in 2017 as follows:

- Social media: 56%
- Digital advertising: 33%
- Search engine optimization: 31%
- Email marketing: 26%
- Print ads and direct mail: 21%
- Content marketing: 19%
- None of above: 18%

### 57.3 SMB Marketing Tactics

According to Vistaprint Digital (www.vistaprint.com/digital), marketing tactics are used by small businesses as follows (percentage of respondents):

- Social media: 53%
- Website: 33%
- Print ads: 11%
- Posters/flyers: 11%
- Brochures: 7%
- Digital ads: 7%
- Signage: 6%
- Digital directory listings: 5%
SMB Digital Advertising Survey, by Magisto (www.magisto.com), reported primary ad formats that SMBs use to generate brand awareness and drive revenue as follows:

<table>
<thead>
<tr>
<th></th>
<th>Brand Awareness</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media:</td>
<td>44%</td>
<td>41%</td>
</tr>
<tr>
<td>Print (newspapers, magazines):</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>Digital:</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>TV:</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Radio:</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Mobile:</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>None of above:</td>
<td>25%</td>
<td>29%</td>
</tr>
</tbody>
</table>

A survey by WBR Digital (https://digital.wbresearch.com) found the top customer acquisition and retention channels among retail SMBs as follows (percentage of respondents):

<table>
<thead>
<tr>
<th></th>
<th>Acquisition</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email marketing:</td>
<td>81%</td>
<td>80%</td>
</tr>
<tr>
<td>Organic search:</td>
<td>62%</td>
<td>36%</td>
</tr>
<tr>
<td>Paid search:</td>
<td>59%</td>
<td>43%</td>
</tr>
<tr>
<td>Social media:</td>
<td>51%</td>
<td>44%</td>
</tr>
<tr>
<td>Retargeting:</td>
<td>49%</td>
<td>37%</td>
</tr>
<tr>
<td>Affiliates:</td>
<td>31%</td>
<td>21%</td>
</tr>
<tr>
<td>Referral marketing:</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>Mobile marketing:</td>
<td>16%</td>
<td>8%</td>
</tr>
<tr>
<td>Marketplaces:</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Comparison shopping engines:</td>
<td>8%</td>
<td>3%</td>
</tr>
</tbody>
</table>

57.4 Most Effective SMB Marketing

Thrive Analytics (www.thriveanalytics.com) reported that SMBs find their most effective marketing methods as follows (percentage of respondents):

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company website:</td>
<td>45%</td>
</tr>
<tr>
<td>Facebook and other social media sites:</td>
<td>39%</td>
</tr>
<tr>
<td>Print yellow pages:</td>
<td>26%</td>
</tr>
<tr>
<td>Internet yellow pages:</td>
<td>15%</td>
</tr>
<tr>
<td>Email marketing:</td>
<td>15%</td>
</tr>
<tr>
<td>Paid search:</td>
<td>15%</td>
</tr>
<tr>
<td>Direct mail:</td>
<td>14%</td>
</tr>
<tr>
<td>Traditional newspapers:</td>
<td>11%</td>
</tr>
<tr>
<td>Event marketing:</td>
<td>11%</td>
</tr>
<tr>
<td>Search engine optimization:</td>
<td>9%</td>
</tr>
<tr>
<td>Outdoor ads:</td>
<td>9%</td>
</tr>
<tr>
<td>Online video:</td>
<td>8%</td>
</tr>
<tr>
<td>Online display ads:</td>
<td>8%</td>
</tr>
</tbody>
</table>
In a survey by Huzzah Media (www.huzzahmedia.com), small business owners said the following were their most successful marketing tools (percentage of respondents):

- Friend referrals: 52%
- Advertising: 33%
- Local marketing (e.g., Chamber of Commerce): 10%
- Coupons: 4%
- Press articles: 1%

57.5 Social Media Marketing

BIA/Kelsey’s Local Commerce Monitor (November 2016) reported that 77.6% of SMBs use social media to promote their businesses, an increase from 73.2% that did so a year prior. Social media use by SMBs is as follows:

- Have a Facebook page: 45.0%
- Use Facebook ads: 25.0%
- Use LinkedIn: 24.2%
- Use Twitter: 23.9%

“For the third consecutive year, social media is the top marketing channel used by SMBs.”

BIA/Kelsey
Local Commerce Monitor, 11/16
SPONSORSHIPS

58.1 Market Assessment
Companies that support activities and events do so, in part, to gain exposure for their brand.

According to *IEG Sponsorship Report* (www.sponsorship.com), sponsorship spending by companies based in North America has been as follows (change from previous year in parenthesis):

- 2008: $16.6 billion (11.4%)
- 2009: $16.5 billion (-0.6%)
- 2010: $17.2 billion (3.9%)
- 2011: $18.1 billion (5.5%)
- 2012: $18.9 billion (4.4%)
- 2013: $19.8 billion (4.7%)
- 2014: $20.6 billion (4.0%)
- 2015: $21.4 billion (3.9%)
- 2016: $22.4 billion (4.7%)

58.2 Spending By Sector
*IEG Sponsorship Report* assesses sponsorship spending by sector in 2016 as follows:

- Sports: $15.74 billion
- Entertainment tours/attractions: $2.22 billion
- Causes: $2.00 billion
- Arts: $970 million
- Festivals/fairs/annual events: $878 million
- Associations/membership organizations: $612 million

58.3 Top Sponsors
*Top Sponsor Report 2016*, by IEG, ranked the following companies highest in sponsorship spending:

- PepsiCo: $375 million
- Anheuser-Busch InBev: $365 million
- Coca-Cola: $280 million
- Nike: $265 million
58.4 Sports Sponsorships

Approximately 70% of sponsorship spending is for sports events. The following are 2017 sponsors for professional sports, major sporting events, and racing circuits:

**Breeders’ Cup**

**College Football Playoff**
- Allstate, AT&T, Buick, CapitalOne, Chick-fil-A, Dos Equis, Dr. Pepper, Ford, Gatorade, Goodyear, Nissan, Northwestern Mutual, PlayStation, Reese’s, and Taco Bell

**Dew Tour**
- Adaptive Action Sports, Breck, Bud Light, Circle K, Motorola Moto Z Droid, Mountain Dew, Toyota, Ubisoft’s video game STEEP, U.S. Army, and Verizon

**IndyCar**
- Autodesk, BorgWarner Turbo Systems, Chevrolet, Coors Light, Dallara, Disney, Featherlite Trailers, Firestone, Holmatro, Honda, Jostens, Lincoln Electric, New Era, Panasonic, PerkinElmer, PFC Breaks, Racing Electronics, Safety Kleen, Sherwin-Williams, SiriusXM, Sunoco, TAGHeuer, United Rentals, Verizon, and Xtrac
Ladies Professional Golf Association

Major League Baseball
• Arm & Hammer, Bank of America, Budweiser, CAA Premium Experience, Chevrolet, Draft Kings, Esurance, Falken Tires, Gatorade, MasterCard, New Relic, Nike, OxiClean, Papa John’s Pizza, Scotts, SiriusXM, Starwood Hotels & Resorts, The Hartford, and TuneIn

Major League Lacrosse
• ‘47 BRAND, A&R Sports, adidas, Body By Jake, Brine, Cascade, Channel Mesh, Coca-Cola, East Coast Dyes, Face Off Academy, GEICO, Hedgehog Lacrosse, Lumber Lax, Maverik, New Balance, Powell Lacrosse, Powerade, String King Lacrosse, STX, Teamworks, Trilogy Lacrosse, and Warrior Lacrosse

Major League Soccer
• Adidas, Advocare, Alcatel, Allstate, AT&T, Audi, Coca-Cola, Continental Tire, EA Sports, Etihad Airways, Heineken, Johnson & Johnson, Kellogg’s, Makita Tools, SeatGeek, Southern New Hampshire University, TAGHeuer, The Home Depot, and Wells Fargo

Minor League Baseball
• Bush’s Beans, Crayola, E&J Gallo Winery, Esurance, John Deere, ServiceMaster, Sunrun, and Uncle Ray’s Potato Chips

NASCAR
• 3M, 5.11 Tactical, Bank of America, Camping World, Canadian Tire, Chevrolet, Coca-Cola, Coors Light, Exide Batteries, FDP Friction Science, Featherlite Trailers, Ford, Freescale, Freightliner Trucks, Goodyear, Growth Energy, HP, Ingersoll Rand, Janssen, K&N Filters, M&Ms, McLaren, Mobil 1, Nabisco (Kraft), National Corn Growers Association, Nationwide Insurance, New Holland, Prevost, Safety-Kleen, Sherwin Williams, Sirius XM Satellite Radio, Sprint (title sponsor), Sunoco, Toyota, Universal Technical Institute, Visa, Whelen Engineering, Xfinity, Zak

National Basketball Association
• 2K Sports, American Express, adidas, Anheuser-Busch InBev, AutoTrader.com, BBVA, Cisco, Coca-Cola, Diageo, Foot Locker, Gatorade, Harman, Kaiser Permanente, Kia Motors, Kumho Tire, Nike, Samsung, SAP, Spalding, Sprint, State Farm, and Taco Bell
National Football League
• Anheuser-Busch, Barclaycard, Bose, Bridgestone, Campbell's Soup Company, Castrol, Courtyard Marriott, Dairy Management Inc., Dannon, Extreme Networks, FedEx, Frito-Lay, Gatorade, Hyundai Motor America, Mars Snackfood, McDonald's, Microsoft (XBOX, Surface and Windows), Nationwide, News America, Papa John's, Pepsi, Procter & Gamble, Quaker, SAP Americas, TD Ameritrade, Verizon, Visa, and USAA

National Hockey League
• AMP Energy, Anco Wipers, Bridgestone, Constellation, Coors Light, Discover, DraftKings, Dunkin' Donuts, EA Sports, Enterprise Rent-A-Car, Gatorade, Geico, Honda, Kraft Heinz, Las Vegas Convention and Visitors Authority, Lay's, Molson Canadian, Pepsi, Prime Sport, Reebok, SAP, Scotiabank, Sheraton Hotels & Resorts, SiriusXM, Ticketmaster, and Upper Deck

National Lacrosse League
• New Era, Pinty's, Pointstreet Sports Technologies, Sports Interactive, Under Armour, and Warrior

NCAA
• AT&T, Capital One, and Coca-Cola

Olympic Games - Worldwide Top Sponsors
• Atos, Bridgestone, Coca-Cola, Dow, General Electric, McDonald's, Omega SA, Panasonic, Procter & Gamble, Samsung, Toyota, Visa

Olympic Games - U.S. Olympic Committee
• 24 Hour Fitness, Allstate, Anheuser-Busch, Deloitte, Hilton Worldwide, Jet Set Sports, McDonald’s, Nike, Procter & Gamble, Tyson Foods, United Airlines, Visa

PGA Tour
• Ace Hardware, Astellas, Avis, BHSports, Bridgestone Tire, Career Builder, Carey International, CDW, Charles Schwab, Citi, Coca-Cola, EZLinks Golf, FedEx, Fortune, Getty Images, Golf Digest, Grey Goose, Hawaii Tourism Authority, John Deere, Konica Minolta, Mackenzie Investments, MasterCard, MD Anderson Cancer Center, MetLife, Michelob Ulta, Microsoft, Mitsubishi Electric, NetJets, O'Doul's, PricewaterhouseCoopers (PwC), Quicken Loans, Rolex, ServPro, Southern Company, Stryker, teeoff.com, Tiffany & Co., TMC USA, Travelers, United Airlines, United Rentals, USA Today Sports, Valspar, William Hill Estate Winery, and Web.com

Special Olympics
• 21st Century Fox, AmeriHealth New Jersey, Barnabas Health, Bloomberg Business, Hess, Hill Wallack LLC Attorneys At Law, Johnson & Johnson, KPMG, Mercer

**United SportsCar Championship**

**U.S. Paralympics**
- 24 Hour Fitness, Adecco, Allstate, AT&T, BMW, BP, Deloitte, GE, Hilton Hotels, Liberty Mutual Insurance, McDonald’s, Nike, Oroweat, Procter & Gamble, Samsung, The Hartford, United Airlines, and Visa

**Women’s National Basketball Association**
- adidas, American Express, Anheuser-Busch InBev, BBVA Compass, Cisco, Diageo, Gatorade, Harman, Kaiser Permanente, KIA, Nike, Pepsico, Samsung, SAP, Spalding, State Farm, Tissot, and Verizon

**Women’s Tennis Association Tour**
- Dubai Duty Free, iQIYI, SAP, and USANA Health Sciences.

**X Games - Summer**
- AT&T, Coors Light, Fruit of the Loom, Harley-Davidson, Intel, LifeProof, Monster Energy, Skype, TNT’s Animal Kingdom, Torchy’s Tacos, Toyota, and U.S. Navy

**X Games - Winter**
- AT&T, Coors Light, GEICO, GoPro, Harley-Davidson, Jeep, LifeProof, Monster Energy, Polaris, and U.S. Navy

**58.5 Market Resources**
59.1 Benefits Of Improving The Customer Experience

According to eMarketer (www.emarketer.com), business executives view the benefits of improving the customer experience as follows (percentage of respondents):

- Fundamental to future success: 88%
- Improved brand reputation: 88%
- Better returns: 82%
- Loyalty: 76%
- Greatly increased profits: 66%

“Marketers are continually looking to meet, and exceed, customer expectations. Improving the overall experience can be beneficial not just for customers, but for marketers as well.”

eMarketer, 5/23/17

A survey of retailers by Retail Systems Research (www.rsresearch.com) found the opportunities for use of in-store technologies as follows (percentage of respondents):

- Help the company win new customers and retain current customers: 58%
- Maintain and/or improve the customer experience: 47%
- Increase revenues while holding down operational costs: 42%
- Bring more digital experience into stores: 34%
- Create competitive advantage: 28%
- Make employees better informed: 24%

Effective tactics to improve the in-store experience are as follows (percentage of respondents):

- Educate and empower in-store employees using technology: 53%
- Focus on a more convenient customer experience: 51%
• Find ways to make employees more productive: 47%
• Provide ability to locate and sell merchandise from anywhere: 41%
• More personalized attention from employees: 36%
• Add self-service customer-facing technologies: 33%

“In-store technologies can enhance the shopping experience and many retailers are seeing the benefits of them.”

eMarketer, 10/17/17

59.2 Store Atmospherics

According to a survey by Shapiro+Raj (www.shapiroraj.com), 63% of consumers remember occasions when the store atmosphere caused them to buy more or spend more time at a store. Among those who said they were influenced, 45% reported that they spent more money in the store, not just more time. The survey found that certain customers are more likely than others to be impacted by store atmospherics, in particular higher-income shoppers (83%) and younger shoppers (66%).

In conjunction with Chain Store Age, Shapiro+Raj conducted The Store Atmospherics study which included customer interviews. Of 13 atmospheric elements examined in the study, cleanliness (90%) ranked as the most important in deciding where to shop. In-store TV was rated as least important (9%) in deciding where to shop. The study found that consumers divide the elements of store atmospherics into the following three tiers:
• The basic condition of the store (how clean and well kept it is)
• Passive atmospherics (the essential but relatively static aspects of the store, such as lighting, temperature, and aisle width)
• Active atmospherics (the more interactive or stimulating elements such as music and in-store TV)

The key for retailers is to blend all three tiers in a deliberate, strategic way. Active atmospherics like loud music, for example, might be a distraction for certain shoppers and keep them from making purchases.
59.3 Self-Service

In a survey by Synqera (www.synqera.com), 73% of shoppers say waiting in the checkout line is their least favorite aspect of in-store shopping.

Retale (www.retale.com) reported that 85% of consumers have used in-store self-checkout kiosks; 91% of Millennials have done so. Reasons for using self-checkout are as follows (percentage of respondents):

- Limited number of items: 72%
- Shorter line: 55%
- Prefer to keep transactions private: 13%
- Don’t like interacting with cashiers: 12%

A survey by Buzzback Market Research (www.buzzback.com) found that 66% of shoppers feel that self-service technology creates a more positive perception of the deployer’s brand.

According to IHL Group (www.ihlservices.com), consumers made $335 billion in purchases through self-checkout lanes in 2016. Self-service transactions are growing at 7% per year.

A survey by Shapiro+Raj found consumers divided on the benefits of self checkout. Only 43% said it shortens checkout time, while 38% feel it lengthens checkout. Still, given a choice, 39% say they prefer self-checkout over a cashier.

59.4 In-Store Smartphone Use

According SessionM (www.sessionm.com), 90% of smartphone users have used their device while shopping. Smartphone use for in-store activities are as follows (percentage of respondents):

- Price comparisons: 54%
- Look up product information: 48%
- Check reviews: 42%

A study by the Consumer Technology Association (CTA; www.cta.tech) found that 58% of shoppers prefer to look up information on their mobile devices while shopping in stores, rather than talk to a salesperson. Shoppers ages 25-to-44 and men are likeliest to prefer to access their device for product information. Nearly two-thirds felt that the information they gather on their mobile device is more helpful than in-store information from product displays or sales literature.
“One thing is clear: Consumers still value customer service, but the way they want it delivered is changing with their consumption habits. As the retail path to purchase changes – mobile is now a significant part of the process, especially for researching on the go and even in-store – so do consumers’ preferences for how retailers connect with them.”

eMarketer

By product category, mobile shopper use of devices for assistance when shopping is as follows (source: CTA):
- Electronics: 60%
- Groceries: 55%
- Apparel: 47%
- Shoes: 45%
- Health and beauty products: 39%

A study by Deloitte (www.deloitte.com) found that smartphone shoppers were 14% more likely than non-smartphone shoppers to convert in-store, even when those smartphone shoppers used a mobile app or site not belonging to the retailer. Seventy-two percent (72%) of shoppers who used their smartphone on their most recent in-store trip made a purchase while there, compared with 63% of shoppers who did not use a smartphone to assist in making a purchase during their last in-store trip.

The 2016 Retail Industry Report, by InMoment, reported the following insights about the use of in-store mobile:
- Mobile browsing does not necessarily lead to showrooming (i.e., visiting a store and then buying online). Consumers spend, on average, 2.2 times more money when they visit the brand’s website while at the store.
- Consumers who visited another brand’s website while in store spent, on average, 1.2 times more than those who did not
- Consumers spend, on average, twice as much when they have been assisted by a staff member across all sectors.
- Average spending increased nearly four times when the consumer was engaged by both staff and the brand’s website.
- Consumers ages 18-to-24 are almost twice as likely to visit the brand’s website before a store visit when compared to all other age groups
• Forty-one percent (41%) of consumers under age 34 said research was the primary reason they prefer to shop online.
• Of those who visit the brand’s website while in a store location, 72% were younger than 44 years old, with the highest percentage (26%) in the 35-to-44 year old demographic.

59.5 Turning Shoppers Into Buyers

A survey by Deloitte concluded that the best way to turn a shopper into a buyer is not through marketing and advertising, but through the store experience. The study suggested that redirecting resources to improving the customer experience and building multichannels can help retailers increase sales and earnings.

The following is a summary of the findings from the Deloitte survey:
• Eight out of 10 respondents said their most recent store visit was not prompted by advertising or marketing.
• Consumers who went to a store intending to buy an item but did not said it was because they couldn’t locate the item, it was out of stock, or help was not available to find it. Of the consumers who said they received service in the store (31%), the majority (55%) did so to get help locating an item.
• Among those surveyed, online shoppers were frequently more satisfied than were in-store shoppers. More than half (55%) of online shoppers said their experience was better than store shopping, compared with 25% of store shoppers stating that their experience was better than online shopping.

59.6 Outlook

In a survey by Motorola Solutions (www.motorolasolutions.com), 74% of retail executives said they believe that developing a more engaging in-store experience will be critical to their business. Survey participants foresee the following technological developments occurring in the retail marketplace over the next five years:
• All transactions will be completed via mobile POS, self-checkout at terminal, or on shopper’s mobile device: 56%
• Sales will come from online, mobile, and commercial sites: 42%
• Will send coupons based on customer location in the store: 42%
• Will provide personalized product details to shopper’s smartphone based on previous behavior: 41%
• Will recognize customer in store with geofencing or presence technology: 35%

Consumers’ cross-channel shopping behaviors will change retailers’ marketing strategies. Retail USA: What’s In Store for 2016, a study from Nielsen, forecasts the retail marketplace will change in the following ways:
• Store footprints either will get supersized for one-stop-shop convenience or
downsized into smaller stores for quick grab-and-go trips.

- For people who view shopping as entertainment that engages all the senses, lifestyle outlets will blur the line of demarcation between traditional formats, merging restaurants with food markets, serving up food and wine tastings, providing live music and movies, and creating places for friends and co-workers to gather and socialize.
- Technology will bring consumers into the shopping experience via options such as touchscreen ordering, QR code advertising, mobile coupons, and shopping lists.
- Store brands will mushroom to include super premium offerings joined by an increasing number of restaurant and celebrity-chef brands, while a few consumer packaged goods brands will transition onto restaurant menus.
- The Big Four technology companies (i.e., Amazon, Apple, Facebook, and Google) will establish beachheads outside the tech world, challenging conventional players to re-think their business models and forge new alliances or chance seeing themselves become less relevant.
- Deep discounters will continue to keep the cap on operating costs in order to maintain their price edge, but low prices alone have not been enough to guarantee sales success.
- Retailers will expand designated stores-within-a store spaces, pulling together related items that fulfill a consumer need into a discrete space such as a cosmetics department complete with expert consultants, occasion-based home meal solution centers, or dedicated pet care areas.
- Mobile and online technologies will enable one-to-one marketing, customized shopping lists, menu plans, coupons, and other content to reflect user interests and consumption patterns.
- Online avatars and in-store service agents will assist consumers with meal management, entertainment, health and wellness monitoring, and fashion selections.
- In-store shelf-talkers will take on a new, interactive dimension with QR codes that connect directly to robust websites offering discounts and cross merchandising suggestions such as wine pairings.
- The chasm between income and wealth strata will enable retailers at both the high and low ends of the price spectrum to prosper by merchandising to niche audiences.
THE SHOPPING EXPERIENCE - ONLINE

60.1 Expectations Online

According to the *Future Of Retail Study*, by Walker Sands (www.walkersands.com), the following features make customers more likely to shop online (percentage of respondents):

- Free shipping: 83%
- Free returns: 65%
- One-day shipping: 62%
- Easier online returns: 51%
- Payment security: 48%
- Same day shipping: 42%
- Easier in store returns: 39%
- Entire order shipped together: 33%
- Visual try-on capability: 30%

According to a survey by OneUpWeb (www.oneupweb.com), Internet users expect the following from e-commerce sites (percentage of respondents):

- Pricing/shipping information clearly stated: 96%
- Site looks credible and trustworthy: 76%
- Product displayed on homepage: 71%
- Visually appealing: 67%
- Total cost calculator: 59%
- Search function: 48%
- Privacy statement: 46%
- Onsite customer reviews: 41%
- Online customer service (live chat): 32%
- Links to social networks (Facebook, Twitter): 23%

According to a survey by A.T. Kearney (www.atkearney.com), the following attributes are important to consumers when shopping online (percentage of respondents):

- Finding specific products: 96%
- Free shipping: 93%
- Finding favorite brands: 92%
- Best price: 90%
- Ease of navigation: 88%
A survey by comScore (www.comscore.com) asked online shoppers what drives them to shop with an online retailer. Responses were as follows (two responses per survey participant):

- The ability to buy online and then make returns at the store: 62%
- The push of a coupon/promotion to my smartphone: 47%
- The ability to buy online and pick up in store: 44%
- The availability of an application designed specifically for a tablet: 41%
- The option to conduct one-click check-out online: 40%
- The ability to complete a purchase in store using mobile device: 37%
- The availability of a mobile application for a smartphone: 36%
- The availability of an in-store kiosk to browse products: 25%
- The ability to start a purchase online and then complete the purchase in store: 23%
- The ability to make an appointment for an in-store consult after researching online: 18%

60.2 Omnichannel Shopping

Omnichannel shopping allows consumers to shop across multiple channels – in-store, online, and on a tablet or cellphone – potentially at the same time.

A 2016 survey by iModerate Research Technologies (www.imoderate.com) reported Internet users who believe it is important for e-commerce brands to operate physical stores as follows:

- Baby Boomers: 65%
- Generation Xers: 69%
- Millennials: 82%
- Generation Zers: 80%

Forrester Research (www.forrester.com) found that 71% of consumers expect to view in-store inventory online.

In the Multichannel Consumer Survey, by PricewaterhouseCoopers (PwC, www.pwc.com), 56% of U.S. adults said they are likely to spend more with multichannel retailers than with either online-only retailers or stores with bricks-and-mortar-only locations.
“Our research shows that when consumers use multiple channels, they spend more. That flies in the face of conventional wisdom that launching an online store steals sales from physical stores.”

Lisa Feigen Dugel, Director
PwC Retail and Consumer Advisory Practice

In the 17th Annual Customer Engagement Survey, conducted in 2016 by Boston Retail Partners (www.bostonretailpartners.com), 85% of retail executives reported that unified commerce was their leading priority. Similarly, retail executives said in a survey by KPMG (www.kpmg.com) that omnichannel strategies were their #1 priority.

Boston Retail Partners reported the following percentages of retailers offer select omnichannel options:

- Returns accepted across all channels: 62%
- Inventory visibility across channels: 60%
- Special order from any channel: 49%
- Order visibility across channels: 47%
- Buy in-store and ship from digital channel, other store, or vendor: 44%
- Buy online, pick up in-store: 42%
- Buy anywhere, ship anywhere: 41%
- Buy online, ship from store: 38%
- Reserve online, pick up in-store: 38%

The State of Retail 2016, by TimeTrade (www.timetrade.com), reported that 51% of retail executives believe that retailers provide a consistent customer experience across all channels. According to the same study, however, only 26% of customers feel the same; 44% feel that the experience is somewhat consistent, and 20% believe that great improvement is needed.

60.3 Buy Online, Pick Up In-Store

A survey by King Retail Solutions (www.kingrs.com) found that among adults who shop online, 78% find the buy-online, pick up in-store option appealing; 40% have used the option. By demographic, attitudes toward buying online and picking up in-store were reported as follows:
In a survey by Blackhawk Engagement Solutions (www.bhengagement.com), 86% of online shoppers said they would consider the buy online-pick up in-store option to save $10 on a $50 item; 78% would do so to receive an item three days earlier.

Accenture (www.accenture.com) found that 50% of online shoppers now expect retailers to offer the service.

As retailers have increased their focus on creating an omnichannel experience, buy online, pick up in-store has emerged as one way to bridge the physical-digital divide. Based on research, consumer demand for such services is huge, meaning retailers that don’t provide this purchase option risk getting left behind.”

eMarketer
60.4 Same-Day Delivery

A survey by PricewaterhouseCoopers found 61% of Internet users would be willing to pay for same-day delivery for an item they urgently needed. LoyaltyOne (www.loyalty.com) found similar interest, reporting that 65% of online shoppers would pay an additional fee for same-day home delivery under certain circumstances.

Same-day delivery became an option for some online shoppers when Amazon launched the service for Amazon Prime Now customers in select cities in 2014. By 2016 the service had expanded the service to all major U.S. cities.
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WORD-OF-MOUTH

61.1 Overview
Word-of-mouth (WOM) is one of the strongest influences on consumers. While buzz about products is typically generated by consumers based on their experience with a product, the buzz can be set off by a marketer’s efforts. WOM generally refers to offline promotions; online activities are called influencer marketing (see Chapter 46).

PQ Media (www.pqmedia.com) estimates that U.S. companies spend almost $2 billion annually to enhance word-of-mouth promotions for their brands.

“The value of word-of-mouth is it’s free. The fact that your friend has done it makes you more likely to do it as well. This is true across the board – if you know your friends are voting, you’re more likely to go and vote as well.”

Prof. Jonah Berger, Ph.D.
The Wharton School
University of Pennsylvania
eMarketer, 9/23/16

JWT (www.jwt.com) estimates that 85% of the top 1,000 marketing firms now use some form of word-of-mouth marketing.

61.2 Influencers
Americans mention specific brands 56 times a week in conversation, according to an online survey conducted by Keller Fay Group (www.kellerfay.com). Of those mentions, 72% come from family and friends, 13% from co-workers, and 7% from professionals or experts. One significant finding of the survey is that 92% of brand conversations take place offline, rather than via email, blogs, IMs, and social networks.
Also, most word-of-mouth marketing is mostly positive, with positive mentions outweighing negative mentions by a ratio of 6-to-1. Negative mentions occur most often online.

“When we think about word-of-mouth, marketers tend to think about Facebook, Twitter, blogs, and online reviews. Actually, only about 7% to 10% of word-of-mouth is online. Most word-of-mouth is actually offline.”

Prof. Jonah Berger, Ph.D.
The Wharton School
University of Pennsylvania
eMarketer, 9/23/16

Surveys consistently show that recommendations from family, friends, and peers are a stronger influence on purchasing decisions than advertising. In a survey by Opinion Research Corp. (www.opinionresearch.com), for instance, consumers said their buying decisions are influenced by the following (percentage of respondents):

- Personal advice from friends or family members: 59%
- TV news or other broadcasts: 40%
- Search engines: 39%
- Ads on TV: 36%
- Newspaper and magazine articles: 33%
- Newspaper and magazine ads: 31%
- Articles seen online: 28%
- Radio news or other broadcasts: 25%
- Direct mail: 24%
- Ads heard on the radio: 20%
- Emails from retailers or manufacturers: 20%
- Ads seen online: 19%
- Messages or posts on social media: 18%
- Billboards: 15%

In a survey by Bridge Ratings (www.bridgeratings.com), consumers rated trusted sources of information as follows (rated on a scale of 1-to-10):

- Friends, family, and acquaintances: 8.6
- Strangers with expertise: 7.9
- Teachers: 7.3
Among the strongest influencers are peers. A study by Babycenter (www.babycenter.com) found that moms are great at engaging other moms, with 59% of moms saying they’ve responded to a recommendation from other moms on parenting sites.

Similarly, college students are most often influenced by other students. In a survey by Concentric Marketing (www.getconcentric.com), 40% of college students said they buy brands that were recommendations by other students.

### 61.3 WOM Agencies

The following agencies specialize in word-of-mouth programs:

- 1000heads (www.1000heads.com)
- Beck Ag (www.beckag.com)
- Beutler Ink (www.beutlerink.com)
- Blissful Media Group (www.blissfulmediagroup.com)
- Boden Agency (www.bodenagency.com)
- Brains On Fire (www.brainsonfire.com)
- Brandwatch (www.brandwatch.com)
- Bright Horizons (www.brighthorizons.com)
- Buzzador (www.bussador.com)
- Buzzoole (www.buzzoole.com)
- BzzAgent (www.bzzagent.com)
- Clever (www.realclever.com)
- Collectively (www.collectively.com)
- Crowdly (www.crowdly.com)
- Crowdtap (www.crowdtap.com)
- Day One Agency (www.dayoneagency.com)
- Department Sero (www.departmentzero.com)
- Engagement Labs (www.engagementlabs.com)
- Everywhere Agency (www.everywhereagency.com)
- Evins (www.evins.com)
- Expericity (www.expericity.com)
- Fizz (www.fizzcorp.com)
- GasPedal (www.gaspedal.com)
- House Party (www.houseparty.com)
- IAKI (www.iaki.it)
61.4 WOM Analytics

The Net Promoter Score (NPS), introduced in 2003 by Bain & Company (www.bain.com), is the most popular measure of customer recommendations and loyalty. The NPS is derived in surveys that ask participants the following question: On a zero-to-10 scale, how likely are you to recommend a particular product/service/brand to a friend or colleague. A follow-up question asks the consumer the reason for his or her score.

In 2013, ForeSee (www.foresee.com) introduced the Word of Mouth Index (WoMI, www.wordofmouthindex.com), a metric that measures both likelihood to recommend and likelihood to detract from a specific brand. WoMI builds on the NPS by adding an additional question: How likely are you to discourage others from doing business with this company?

61.5 Marketing Guidelines

According to Kristen L. Smith, Executive Director of the Word of Mouth Marketing Association (WOMMA, www.womma.org), the following are keys to leveraging WOM marketing:

Be Transparent And Disclose
• For a company or a brand to become and remain a credible source of information, communication must be transparent. Traditional communications are not as trusted as they once were. Customers and the public favor and trust friends and peer-to-peer recommendations over ads. Participate openly in online blogs and discussions. Encourage two-way conversations with interested parties. Don’t engage in stealth marketing, and do not shill – that is, do not pay people to talk about or promote your product without disclosing their relationship to you.

Employ Online and Offline WOM
• Over 90% of all WOM conversations that take place in the U.S. are offline; and an
estimated 35 million WOM conversations take place in the U.S. daily. Three-
quart... another 17% take place by phone. Only 7% take place online via instant/text messaging, chat rooms, email, and blogs. This means that offline tactics to encourage conversations cannot be ignored.

**Encourage An Enterprise-Wide WOM Culture**
- Company infrastructure must be in place to promote a successful WOM culture. Encourage and enable conversations to develop. Be certain to train employees about ethical WOM. Often, there are WOM activities being conducted by individual employees in different departments. Encourage inter-company communications so that WOM efforts are not at cross purposes with the overall marketing strategies.

**Evaluate ROI Continually**
- The ease of qualifying the results of online activities has made measuring the ROI of WOM easier and faster, allowing a company to be more nimble in changing tactics and even strategies. Track online and offline conversations by supporters, detractors, and neutrals. The approach need not be scientifically rigorous. Simply using internal goals, making them measurable and reasonable, is the way to start.

**Listen, Speak, Listen Some More**
- By listening, a company can align with its audience. Engage customers in open, unfiltered conversations. When concerns are raised, respond promptly and honestly. It is essential to value customer opinion, whether that opinion is positive, negative, or neutral. However, avoid unethical WOM tactics such as using fake identities in an online discussion to promote a product or company.

**Spread The Word**
- WOM is the most honest form of marketing, building on people’s natural desire to share their experiences with family, friends, and colleagues. However, it is imperative that the information shared by marketers is accurate and that it respects the communities to which it is directed. Everyone knows that sending bulk or unsolicited emails without clear, voluntary permission is wrong. Also, avoid using automated software to post unrelated or inappropriate comments to blogs or other online communities.

To address ethical issues, the WOMMA has developed a Code of Ethics centered around the following principles:
- Consumer protection and respect are paramount
- The Honesty ROI: Honesty of Relationship, Opinion, and Identity
- We respect the rules of the venue
- We manage relationships with minors responsibly
- We promote honest downstream communications
- We protect privacy and permission
61.6 Market Resources
Word of Mouth Index, ForeSee, 2500 Green Road, Suite 400, Ann Arbor, MI 48105. (800) 621-2850. (www.wordofmouthindex.com)

Word of Mouth Marketing Association, 200 E. Randolph Street, Suite 5100, Chicago, IL 60601. (312) 577-7610. (www.womma.org)
PART VI: CONSUMER TRACKING
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CUSTOMER ANALYTICS

62.1 Overview

Customer analytics involves the collection of multiple data points about consumers, assessments of the data using market segmentation and predictive analytics, and development of complementary marketing.

“Collecting data about customers is virtually as old as marketing itself, but the trillions of data points now available online make it a sophisticated piece of weaponry. Marketers can map a consumer’s journey across the Web and potentially even augment their findings with Facebook data collected by apps that will tell people’s leisure activities. Advertisers can enlist services to follow users on their mobile devices and tablets. Traditional data brokers sell offline data culled from public records and survey results to marketers, who can then overlay it with their purchase data and the data they've already mined online.”

Advertising Age

Consumer analytics and consumer tracking have dramatically changed the field of consumer marketing. Marketers are beginning to find that it is more effective to identify the right people who are ready to buy a particular product than to try to persuade people to buy a product they may, or may not, need through advertising.
“Is consumer tracking the new advertising?
Has the ad industry finally reached the point
where it’s no longer necessary for marketers to
motivate consumers to buy their products?  Has
the business evolved to the point of being able
to track down pre-sold consumers at the
precise time when they’re ready to buy?  Do
marketers no longer need to waste money trying
to motivate uninterested buyers into trying their
products?  Is the concept of advertising no
longer applicable to today’s marketplace, and
should we call what marketers do now
consumer tracking?”

Advertising Age

62.2 Customer Databases
According to the CMO Council (www.cmocouncil.org), 65% of corporate
marketers use customer profiles in their marketing programs.

Retailers and their suppliers are constantly analyzing sales data, which is linked
to shoppers through loyalty programs, email registrations, and other in-house
databases.

One example is Target, which for decades has collected vast amounts of data on
customers.  Target assigns each shopper a unique code – known internally as the
Guest ID number – that records and monitors purchases.

Linked to each Guest ID is demographic information like the customer’s age,
whether they are married and have kids, which part of town they live in, how long it
takes them to drive to the nearest Target location, their estimated salary, whether they
have moved recently, what credit cards they carry, and what websites they visit.

According to The New York Times, Target can buy data and link to each Guest
ID information about a customer’s ethnicity, job history, the magazines they read, if
they’ve ever declared bankruptcy or gotten divorced, the year they bought (or lost) their
house, where they went to college, what kinds of topics they talk about online, whether
they prefer certain brands of coffee, paper towels, cereal or applesauce, their political
leanings, reading habits, charitable giving, the number of cars they own, and more.
“If you use a credit card or a coupon, or fill out a survey, or mail in a refund, or call the customer help line, or open an e-mail we’ve sent you or visit our website, we’ll record it and link it to your Guest ID. We want to know everything we can.”

Andrew Pole, Group Manager
Guest Marketing Analytics
Target Corporation
*The New York Times*

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62.3 Sharing Customer Data

A survey by Forrester Research (www.forrester.com) asked digital marketers the extent to which they share data about their customers. Responses were as follows:

- We use customer data and analytics results only internally: 63%
- We make some data or analytics results available to our business partners: 38%
- We make some data or analytics results available to our customers: 34%
- We are considering selling data or data services in the future to our business partners and/or customers: 10%
- We sell data and data services to our business partners and/or customers: 9%

Forrester Consulting also found that 93% of digital marketers use third-party data in their digital marketing strategy; 58% do so extensively.

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“Data is critical for any marketer looking to effectively reach an audience. More than one-third ... share or sell customer data. The majority of digital marketers ... are also mixing their data with that of outside sources.”

eMarketer
62.4 Data Brokers

Data brokers, also called database marketing companies, collect and sell data about consumers’ financial, shopping, and leisure activities. Brokers provide large-scale data mining and analytics that is primarily based on information available in public records and consumer surveys, among other sources.

Forrester Research estimates annual spending for third-party data from database marketing companies at more than $2 billion.

Advertising Age (May 2017) estimates annual marketing-related revenue for the largest data brokers as follows:

- Epsilon (Alliance Data Systems Corp.): $1.86 billion
- Acxion Corp.: $799 million
- Merkle: $509 million
- Experian Marketing Services: $377 million

“With more than 23,000 computer servers collecting, collating, and analyzing consumer data ... Acxiom Corp. is the quiet giant of a multibillion-dollar industry known as database marketing. Analysts say it has amassed the world’s largest commercial database on consumers – and that it wants to know much, much more. Its servers process more than 50 trillion data transactions a year. Company executives have said its database contains information about 500 million active consumers worldwide, with about 1,500 data points per person. That includes a majority of adults in the United States. In a fast-changing digital economy, Acxiom is developing even more advanced techniques to mine and refine data. It has recruited talent from Microsoft, Google, Amazon.com, and Myspace and is using a powerful, multiplatform approach to predicting consumer behavior that could raise its standing among investors and clients.”

The New York Times
Credit reporting agencies Equifax, Experian, and TransUnion have consumer analytics divisions. Datalogix, LexisNexis Data & Analytic Solutions, Nielsen Claritas, and Rapleaf are other major brokers of consumer data (see 64.9.1).

### 62.5 Consumer Valuation Scores

Consumer valuation scores, also called buying-power scores and e-scores, measure consumers’ potential value to marketers.

“What’s your e-score? You’ll probably never know. That’s because scores are largely invisible to the public. But they are highly valuable to companies that want – or in some cases, don’t want – to have you as their customer. Online consumer scores are calculated by a handful of start-ups, as well as a few financial services stalwarts, that specialize in the flourishing field of predictive consumer analytics. It is a Google-esque business, one fueled by almost unimaginable amounts of data and powered by complex computer algorithms. The result is a private, digital ranking of American society unlike anything that has come before. A growing number of companies, including banks, credit and debit card providers, insurers, and online educational institutions are using these scores to choose whom to woo on the Web. These scores can determine whether someone is pitched a platinum credit card or a plain one, a full-service cable plan or none at all. They can determine whether a customer is routed promptly to an attentive service agent or relegated to an overflow call center.”

*The New York Times*
Consumer valuation scores can take into account facts like occupation, salary, home valuation, spending on luxury goods, and more. Unlike credit scores, consumer valuation scores are unregulated and data is not available to consumers for review.

The largest e-score data providers include eBureau, Neustar, and TruSignal (see 64.9.2). eBureau scores about 20 million adults each month and provides data primarily to financial businesses. TruSignal scores about 110 million consumers monthly for advertisers seeking select audiences for online ads.

62.6 Product Use Insight
Any Internet-connected device can transmit product usage data that can be tracked and assessed. One example is e-readers. Over 20% of U.S. adults own either a tablet or an e-reader. Those who own the devices read about 65% of their books in digital form; few are aware that their digital-format books are also reading them.

The major players in e-book publishing – Amazon, Apple, and Google – can track which search terms readers use to find books, how long they spend reading, and how far they get into the books they have read. Book apps for tablets like the iPad, Kindle Fire, and Nook record how many times readers open the app and how much time they spend reading. Retailers and some publishers are sifting through the data and gaining unprecedented insight into how people engage with books.

Start-ups Smashwords (www.smashwords.com) and Entitle (www.entitle.com), among others, are using tracking technologies to provide insight for writers that will help them produce more of what readers want.

“The move to exploit reading data is one aspect of how consumer analytics is making its way into every corner of the culture. Amazon and Barnes & Noble already collect vast amounts of information from their e-readers but keep it proprietary. Now the start-ups ... are hoping to profit by telling all.”

The New York Times

The diversity of products and applications for assessing consumers through their personal smart devices is vast.
A unique product with sensor-based tracking capabilities is the Beam Brush (www.beamtoothbrush.com), launched in 2013. This toothbrush syncs with a user’s
smartphone to record brushing time; data can be shared with dentists and insurance companies on an opt-in basis. Similar to Beam Brush, the Kolibree toothbrush was unveiled in 2014. Users download a mobile app and connect via Bluetooth, and the Kolibree documents every brushing via three sensors that record 1) how long you brush, 2) whether you brush all four quadrants of your mouth, and 3) whether you brush up and down (good) instead of just side to side (bad). And Oral-B recently launched the SmartSeries electric toothbrush that also links to a smartphone app via Bluetooth.

Other data-producing products include Internet-synced bathroom scales and calorie-and-exercise systems like Fitbit and Nike+ FuelBand.

“Beyond fitness and healthcare, the data mined from sensor-equipped products could hold huge advantages for marketers. The biggest opportunity could be in more simple product categories, such as consumer packaged goods, in which general data-gathering technology helps marketers test ideas and could eventually guide everything from product positioning to distribution.”

Advertising Age

Ad agencies are becoming involved in the field. SapientNitro, for instance, launched Iota Partners (www.iota-partners.com), a consumer research agency that equips products with sensors that monitor consumer activities.

62.7 Data Integration

In a survey by McKinsey & Company (www.mckinsey.com), 32% of marketing executives said the ability to generate and leverage deep customer insights was the most important digital challenge they faced.

A survey by DataXu (www.dataxu.com) found that just 30% of U.S. executives reported that their company had the ability to leverage the value of their customer data.

To analyze customer data and segment their audiences for personalized marketing, companies often turn to specialty software companies like Monetate, MyBuys, RichRelevance, and SmartFocus (see 64.9.3).
Among large companies, the integration of customer databases is advancing rapidly. According to *Internet Retailer*, over 50% of the 500 largest online retailers in the U.S. use customer databases for personalized marketing.

“The latest frontier for marketers is taking offline data such as income, credit rating, home value, savings, past purchases, number of children living at home, and other data, and merging that with the blooming online data stream. The offline data – including extremely sensitive, personally identifiable information – has been used by the direct-marketing industry for decades. But only recently have marketers begun to connect that trove to online behavior.”

*Advertising Age*

62.8 **Regulatory Oversight**

The Fair Credit Reporting Act requires that consumer reporting agencies, the companies that compile credit data, show people their credit reports and allow them to correct errors. Personal data that falls outside of the Act is largely unregulated. Although the Federal Trade Commission has issued a consumer privacy report urging companies that collect and share customer information to give people more notification and control over the proliferation of their personal details, the recommendations don’t have the force of binding regulations.

Data brokers, for their part, are beginning to offer some transparency of the data they collect. Acxiom, for example, launched a website that gives consumers a glimpse of some of the data the company has collected about them. Visitors who log in to Aboutthedata.com may review data about themselves – ranging from their pet ownership to their leisure activities.
“They’re the lifeblood of a marketing industry bent on efficiency and accurate targeting, but data-mining companies have for decades operated under a shroud of mystery and are not so easily trusted when it comes to consumers and privacy activists. Data giant Acxiom is aiming to quell concerns with a little transparency in the hopes it will pacify lawmakers threatening to curb the industry’s practices and preempt heightened consumer concern about data security and privacy.”

*Advertising Age*

### 62.9 Key Players

#### 62.9.1 Data Brokers

Acxiom, 601 E. 3rd Street, Little Rock, AR 72201. (501) 342-7799. ([www.acxiom.com](http://www.acxiom.com))

Datalogix, 10075 Westmoor Drive, Westminster, CO 80021. (303) 327-1600. ([www.datalogix.com](http://www.datalogix.com))

Epsilon, 6021 Dallas Connection Drive, Irving, TX 75039. (800) 309-0505. ([www.epsilon.com](http://www.epsilon.com))

Equifax, 1550 Peachtree Street NE, Atlanta, GA 30309. (866) 816-8573. ([www.equifax.com](http://www.equifax.com))

Experian Marketing Services, 475 Anton Boulevard, Costa Mesa, CA 92626. (844) 747-1667. ([www.experian.com/marketing-services/about.html](http://www.experian.com/marketing-services/about.html))

LexisNexis Data & Analytic Solutions, 555 West Fifth Street, Suite 4500, Los Angeles, CA 90013. (800) 869-0751. ([www.lexisnexis.com](http://www.lexisnexis.com))

Merkle, 7001 Columbia Gateway Drive, Columbia, MD 21046. (443) 542-4000. ([www.merkleinc.com](http://www.merkleinc.com))
62.9.2 Consumer Valuation Data Sources
eBureau, 25 6th Avenue North, St. Cloud, MN 56303. (320) 534-5000. (www.ebureau.com)

Neustar, 21575 Ridgetop Circle, Sterling, VA 20166. (571) 434–5400. (www.neustar.biz)


62.9.3 Data Integration Software
Monetate, 951 E. Hector Street, Conshohocken, PA 19428. (877) 666-3828. (www.monetate.com)

MyBuys, 411 Borel Avenue, Suite 100, San Mateo, CA 94402. (650) 544-2400. (www.mybuys.com)


SmartFocus Inc., 18 West 18th Street, 11th Floor, New York, NY 10011. (646) 356-1169. (www.smartfocus.com)

62.9.4 Trade Associations
Chief Marketing Officer [CMO] Council, 1494 Hamilton Way, San Jose, CA 95125. (408) 677-5300. (www.cmocouncil.org)


Direct Marketing Association, 1120 Avenue of the Americas, New York, NY 10036. (212) 768-7277. (www.the-dma.org)

62.9.5 Privacy Advocacy Groups

Future of Privacy Forum, 919 18th Street NW, Suite 901, Washington, DC 20006. (877) 842-2226. (www.futureofprivacy.org)

United States Public Interest Research Group, 218 D Street SE, First Floor, Washington, DC 20003. (202) 546-9707. (www.uspirg.org)

62.9.6 Federal Agencies
63

ONLINE TRACKING

63.1 Behavioral Targeting

Behavioral targeting (BT), also called interest-based advertising, is the practice of seeking out consumers based on where they go and what they do as indicators of what their interests are most likely to be. BT is mostly being applied in online ad-targeting, where a consumer’s behavior on a website is tracked to determine his or her interests and ads are served relevant to those interests. The practice has become an integral part of most online marketing campaigns.

Forrester Research (www.forrester.com) defines online behavioral targeting as the aligning of ads with users whose online behavior implies interest in a particular product or service. Advertisers apply behavioral targeting when they buy media on sites that attract users who have shown target behaviors, even if the site is not contextually relevant to their ad. For example, a user who has frequented Kelley Blue Book, General Motors’ FastLane blog, and cars.com may see an ad for a new Toyota Highlander the next time he or she logs onto a general site.

Over 150 tracking entities routinely collect information about users of websites, and social network apps correlate to profiles of individuals’ browsing behavior across multiple Web pages, according to PrivacyChoice (www.privacychoice.org).

The BT online approach was pioneered in the early 2000s by small specialist firms like Advertising.com (www.advertising.com), Revenue Science which rebranded as Audience Science (www.audiencescience.com), Tacoda which is now AOL Networks (www.aolnetworks.com), and Adknowledge (www.adknowledge.com). Two multibillion-dollar acquisitions in the online advertising market expanded the growth of BT. Internet giants entered the field in 2007 when Google acquired Internet-ad broker DoubleClick and Microsoft Corp. acquired aQuantative.

According to the Network Advertising Initiative (www.networkadvertising.org), behaviorally targeted advertising is more than twice as effective compared with conventional advertising at converting users who click on the ads into buyers (6.8% conversion vs. 2.8% for run-of-network ads).

63.2 Retargeting

One form of BT is retargeting, where Internet users are shown display ads about specific products they have looked at online. A person that looks at a pair of shoes on an e-commerce site, for example, may see display ads for that specific product for several days while visiting various other websites.
A study by comScore (www.comscore.com) and ValueClick (www.valueclick.com) found that compared with run-of-network ads, retargeted display ads give a 1,046% lift in searches on brand terms within four weeks after exposure. This is more than twice as high as the second most effective targeting method, audience targeting. Retargeting also brings a 726% lift in website visitation within four weeks after exposure. The study found retargeting to be the most effective among all types of online ad placement strategies.

63.3 BT Email

An offshoot from behavioral targeting is behaviorally triggered email, which marketers can designate as a tool to boost customers’ recency, frequency, average order value, and retention. Examples of behaviorally targeted email campaigns include the following (source: Multichannel Merchant):
• Thank you or welcome messages
• Abandoned shopping cart emails
• First-time buyer emails
• Second-time buyer emails
• Birthday and anniversary triggers

63.4 Privacy Concerns

U.S. Consumer Confidence Privacy Report, by Harris Poll (www.theharrispoll.com), found that 92% of U.S. Internet users worry about their privacy online.

In a survey by the Pew Research Center (www.pewinternet.org), 59% of Internet users said they themselves have noticed targeted advertising online – specifically, they have noticed advertisements online that are directly related to things they had recently searched for or sites they had recently visited.

Sixty-eight percent (68%) of Internet users view online targeted advertising negatively, saying that they do not like their online behavior tracked and analyzed. By age, those that feel this way are as follows (source: Pew Research Center):
• 18-to-29: 59%
• 30-to-49: 65%
• 50-to-64: 78%
• 65 and older: 72%

Seventy-three percent (73%) of Internet users say they are not okay with search sites collecting user information to personalize search results. By age, those that feel this way are as follows (source: Pew Research Center):
• 18-to-29: 69%
• 30-to-49: 68%
• 50 and older: 83%

Thirty-eight percent (38%) of Internet users say they are generally aware of ways they themselves can limit how much information about them is collected by a website.
Among this group, one common strategy people use to limit personal data collection is to delete their Web history; 81% of those who know ways to manage the capture of their data do this. Seventy-five percent (75%) of this group use the privacy settings of websites to control what is captured about them; 65% change their browser settings to limit the information that is collected.

63.5 ‘Do Not Track’ Options

Responding to pressure from privacy advocates and the possibility of regulatory limits on online tracking, the leading companies in the BT sector have agreed to provide Internet users with ‘do not track’ options.

AdChoices (www.youradchoices.com) was launched in 2011 to protect online users’ privacy by providing an opt-out option for BT ads. AdChoices is managed by the Digital Advertising Alliance (www.digitaladvertisingalliance.com), an alliance formed by American Association of Advertising Agencies (4As, www.aaaa.org), the Association of National Advertisers (ANA, www.ana.org), the American Advertising Federation (AAF), the Direct Marketing Association (DMA), the Interactive Advertising Bureau (IAB, www.iab.net), the Better Business Bureau (BBB, www.bbb.org), and the Network Advertising Initiative.

AdChoices was expanded to mobile apps in 2013.

The 93 members of the Network Advertising Initiative, which include virtually all of the major BT companies, comply with consumer opt-out requests made on the NAI website (www.networkadvertising.org/choices/). The website displays member tracking policies and features a display tool where Internet users can see in real-time which companies are tracking them.

Despite the best intentions, AdChoices has had limited success in curtailing unwanted online targeting. A survey by ORC International (www.orcinternational.com) found that 74% of adult Internet users were not familiar with the campaign.

“In response to consumer concerns about ads based on online activity, the advertising industry introduced the AdChoices button to provide targeting transparency and allow users to opt out of tracking options. But has it worked? Based on recent research, awareness has a long way to go before consumers know their options and feel more positive about targeted ads.”

eMarketer
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SHARING INFORMATION ON SOCIAL MEDIA

64.1 Overview
Most personal data in the hands of marketers is that which consumers have willingly (or naively) shared. Millions of people share the most intimate details of their personal life on social-networking websites.

“People often dole out all kinds of personal information on the Internet that allows such identifying data to be deduced. Services like Facebook, Twitter, and Flickr are oceans of personal minutiae – birthday greetings sent and received, school and work gossip, photos of family vacations, and movies watched. Computer scientists and policy experts say that such seemingly innocuous bits of self-revelation can increasingly be collected and reassembled by computers to help create a picture of a person’s identity, sometimes down to the Social Security number.”

The New York Times

64.2 Information Shared On Social Media
The Social Media Habits And Privacy Concerns Survey, published by uSamp (www.usamp.com), found that social network users, by gender and age, are willing to share various types of personal information on social media sites as follows (percentage of respondents in each group):

CONSUMER MARKETING 2018-2019 • 320 •
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<tr>
<th></th>
<th>18-to-24</th>
<th>25-to-34</th>
<th>35-to-49</th>
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<tr>
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<tr>
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<td>9.1%</td>
<td>6.8%</td>
<td>14.0%</td>
<td>16.1%</td>
</tr>
</tbody>
</table>

### 64.3 Sharing Information With Trusted Companies
A survey by Pitney Bowes (www.pitneybowes.com) asked Internet users what types of personal information they may be willing to share with trusted companies they deal with. The survey assessed four categories of information.
Transactional Data
• This data is often part of a basic transaction such as subscribing to a website, adding themselves to a mailing list, or joining a social media community. Few consumers say they would withhold transactional data from a brand or organization. Internet users are willing to share personal information as follows:
  - Date of birth: 90%
  - Physical address: 87%
  - Email: 86%
  - Banking details: 78%

Physical Data
• Contrary to assumptions about vanity, consumers rather willingly share their physical data. Internet users are willing to share physical data as follows:
  - Height: 78%
  - Weight: 76%

Secure data
• This data increases vulnerability to identity theft and is held closely by many consumers. Internet users are willing to share secure data as follows:
  - Income: 64%
  - Mobile phone number: 62%
  - Credit card numbers: 60%

Beliefs and Personal Attributes
• This data has a virtual lock and key around it and brands should be aware of the sensitivity that consumers feel about them. Internet users are willing to share their beliefs and personal attributes as follows:
  - Sexual preference: 55%
  - Ethnicity: 46%
  - Religion: 29%
  - Political persuasion: 24%

64.4 Enticements for Sharing Information
In a survey by Etailing Solutions (www.etailing-solutions.com), 41% of adults said they are willing to sometimes use their personal data in exchange for discounts on goods and services.

Several social sites offer incentives for consumers to share information about themselves. The following are examples (source: The New York Times):
• Aprizi, a shopping-focused social site, asks users to enter information about preferences, then selects products for them from throughout the web. Registered users receive offers from online retailers for free shipping, half-price discounts, and other specials.
• Dopplr, a free social networking service launched in 2007, allows users to create itineraries of their travel plans and to share personal and business travel plans privately with people they designate.
• Location-based services like Foursquare and Gowalla ask users to volunteer their location in return for rewards like discounts on Pepsi drinks or Starbucks coffee.
• Mint.com, a budgeting site, displays discount offers from cable companies or banks to users who reveal their personal financial data, such as bank and credit card information.

“As concern increases about the amount of private data online ... many Web startups are pursuing a more reciprocal approach – saying, in essence: give us your data and get something in return. These efforts are predicated on a shift in the relationship between consumer and company. Influenced by consumers’ willingness to trade data online, the sites are pushing to see how much information people will turn over.”

_The New York Times_

Some social networks entice members to reveal details about their spending simply for the enjoyment of sharing their shopping experiences. On Swipely (www.swipely.com), for example, whenever site members make a purchase using their registered credit or debit card, the transaction is posted. “Turn purchases into conversations” is Swipely’s mantra.

64.5 Privacy Issues

In the previously cited survey by uSamp, 28.2% of social network users said they are somewhat or very uncomfortable with privacy protection on social media sites. By gender and age, those with such concerns are as follows (percentage of respondents):

**Female**
• 18-to-34: 24.3%
• 25-to-34: 25.3%
• 35-to-49: 36.9%
• 50 and older: 28.5%
Male

- 18-to-34: 22.7%
- 25-to-34: 19.0%
- 35-to-49: 36.0%
- 50 and older: 37.1%

A survey by Gallup (www.gallup.com) found that concern about social network privacy diminishes among those who are on the sites regularly. By frequency of use, those that are very concerned about privacy on social networks are as follows (percentage of respondents):

- Less than once per week: 39%
- At least once per week: 35%
- Daily: 26%

In a survey by Harris Poll (www.theharrispoll.com), only 32% of Facebook users felt they completely understood the site’s privacy controls.

When asked in a survey by Zogby (www.zogby.com) how recently they had changed their social network privacy settings, social network users responded as follows (percentage of respondents):

- This week: 22%
- This month: 22%
- Within the past six months: 17%
- Within the last year: 18%
- Never or uncertain: 21%

For Facebook, the largest social network, there is confusion, even among experts, about the extent of targeted information that is made available to advertisers.

“What [Facebook] knows depends on who you ask. The social network says one thing, its advertisers another. A Facebook spokeswoman said precisely targeted audiences are created solely on what users have added to their profiles as likes or interests.”

Advertising Age
There are no legal requirements that websites reveal what they know about users or the details about their privacy controls. Consumers’ concerns about privacy are also sometimes difficult to gauge because they are self-contradictory about marketer’s use of their information.

“People may claim to worry about privacy issues but look at what they actually do online ... willingly surrendering personal information for a coupon or in a Facebook discussion. The disconnect between what people say and do shows that policymakers and academics misjudge the extent to which the public really cares about the use of data about them by marketers.”

Mark Dolliver, Analyst
The Digital Privacy Dilemma
eMarketer
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MOBILE TRACKING

65.1  Overview
In 2010, the Federal Communications Commission (FCC, www.fcc.gov) ordered mobile providers to implement capabilities for emergency 911 (E911) location tracking. The requirement was promulgated because of the more than 180 million emergency calls received by 911 centers nationwide each year from mobile handsets. While the FCC order did not explicitly require GPS tracking, virtually all cellphones and smartphones sold since 2010 have GPS tracking technology embedded.

Several mobile services and mobile apps offer tools that let smartphone users report their physical location, or check-in. Among the most popular check-in platforms are Facebook Places, Foursquare, GetGlue, Google, Gowalla, Loopt, and Shopkick.

“Location-based targeting has evolved far beyond geofencing (serving an ad to a mobile device detected within a predetermined perimeter of a physical location) and geoconquesting (serving an ad to mobile devices within close proximity of a competitor’s location) to become a method for identifying and serving ads to unique audience segments.”

eMarketer

65.2  Location Tagging
According to the Pew Research Center (www.pewinternet.org), there is notable growth in the number of social media users who have set their accounts to include their location in their posts. Among adult social media users ages 18 and older, 30% said in a Pew survey that at least one of their accounts was set up to include their location in their posts, an increase from 14% who said they had ever done this in 2011.
The following are demographics of social media users who use location tagging:

**Gender**
- Female: 30%
- Male: 30%

**Age**
- 18-to-29: 32%
- 30-to-49: 34%
- 50-to-64: 26%
- 65 and older: 18%

Pew found that 12% of adult smartphone owners use a geosocial service to “check in” to certain locations or to share their location with friends. Among those who use geosocial service, 39% check into places on Facebook, 18% use Foursquare, and 14% use Google Plus.

Consumers’ willingness to let retailers track their location varies by sector. In a survey by PunchTab (www.punchtab.com), those who are willing to share their in-store location said they would do so for the following categories of retailers (percentage of respondents):
- Superstores: 84%
- Department stores: 78%
- Grocery stores: 74%
- Home improvement stores: 60%
- Coffeehouses: 38%
- Sports stores: 32%
- Drug stores: 30%
- Convenience stores: 11%

### 65.3 Mobile Device Tracking

Mobile phones can be tracked even if the user has not opted to check-in. The following are two services that provide such tracking:
- Path Intelligence (www.pathintelligence.com) has developed a system that registers a phone’s cellular signal and monitors the user’s location. The company says its technology records the paths of more than one million customers every day. One application is the assessment of foot traffic in a mall to guide site selection. Another use is for determining the geographic mix of visitors to a venue by using the cellphone number area code.
- Tapad (www.tapad.com), which specializes in mobile-retargeting, supplements cookie-tracking with device signatures to track users as they travel from mobile browsers to apps and vice versa.

Facebook has long recorded the GPS coordinates of users when they post status updates or check into a venue.
65.4 Customer Tracking

According to Boston Retail Partners (www.bostonretailpartners.com), 14% of major retailers have programs to identify customers while within their stores; another 49% of retailers plan to have such programs implemented by 2019.

“Retailers are continually looking at ways to reach consumers on a personal level. Nearly half of retailers in North American plan to implement technology to identify customers via their smartphones as they enter stores. In order for retailers to identify shoppers in this way, however, smartphone users will need to buy in.”

eMarketer, 6/17/16

Retailers offer incentives for customers to opt-in to device tracking as follows (source: Boston Retail Partners):
• Specialized offers: 40%
• Maintenance of purchase history for ease of returns/exchanges: 36%
• Event information: 33%
• Product incentives: 31%
• Option to email customer receipt: 29%
• Credit toward future purchases: 24%
• More personalized service: 22%
• Product information: 18%
• Interaction with in-store technology: 4%

65.5 Subscriber Tracking

According to CBS Interactive (www.cnet.com), Verizon Wireless sells information about its customers’ geographical locations, app usage, and Web browsing activities. Verizon offers reports to marketers showing what subscribers are doing on their phones and other mobile devices, including what iOS and Android apps are in use and in which locations. Verizon may link the data to third-party databases with information about customers’ gender, age, and leisure activities, according to CBS.

Verizon Wireless says that its initiative is legal because the information is aggregated and doesn’t reveal customers’ identities. The company also says its customers can opt out at any time.
“We’re able to view just about everything that they do. And that’s really where data is going today. Data is the new oil. [Verizon has] created a very sophisticated system, so advanced it can predict what customers will want. We’re able to identify what that customer likes not by filling out a form, but by analyzing what they do on a day-to-day basis. We’re able to serve them products that we know they like because we’ve seen that they’ve gone through and downloaded products like it. One potential [application] for the Precision program is a sports arena that wants to know more about who’s attending a game. We’re able to analyze what people are viewing on their handsets. If you’re at an MLB game, we can tell if you’re viewing ESPN, we can tell if you’re viewing MLB, we can tell what social networking sites you’re activating, if you’re sending out mobile usage content that’s user-generated on video.”

Bill Diggins, Program Leader
Precision Market Insights
Verizon Wireless
Paley Center for Media

65.6 Contextual Tracking

Marketers are leveraging location data to better understand people through the places they visit.

One example is Factual (www.factual.com), which aggregates location tracking data over several weeks to recognize patterns. Factual derives profiles of consumer
behaviors and lifestyles with observations such as whether consumers are going to nightclubs, traveling, etc.

To ascertain that someone is a business traveler, it is not necessary to locate them at an airport. By observing one location data point and then a few hours later see another data point from that same device thousands of miles away from the first location infers that the person has been on an airplane. That pattern occurring several times during the week suggests that they likely fall into the business traveler category.

Data from the U.S. Census aggregates information in block groups, or areas of one or more city blocks. Assumptions about ethnicity and household income can be derived with moderate accuracy by determining from location data where a smartphone user lives.

“Location data not only signals where you are, it signals who you are.”

eMarketer

Further behavioral profiling of consumers can be ascertained by trackers who monitor what apps users have on their smartphone.

65.7 Privacy Concerns

According to the Pew Research Center, 54% of mobile app users have decided not to install an app due to concerns about personal information; 30% have uninstalled an app because of such concerns. The demographics of those who have taken these actions are as follows:

<table>
<thead>
<tr>
<th>Did Not Install</th>
<th>Uninstalled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Female:</td>
<td>56%</td>
</tr>
<tr>
<td>Male:</td>
<td>52%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>18-to-29:</td>
<td>49%</td>
</tr>
<tr>
<td>30-to-49:</td>
<td>55%</td>
</tr>
<tr>
<td>49 and older:</td>
<td>57%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Household Income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30,000:</td>
<td>50%</td>
</tr>
<tr>
<td>$30,000 to $49,999:</td>
<td>46%</td>
</tr>
</tbody>
</table>
According to a survey by the e-tailing Group (www.e-tailing.com), 34% of smartphone users find it somewhat undesirable to be geo-targeted on their mobile device, 24% have no concerns or find it desirable, and 42% have mixed feelings.

In a survey by TRUSTe (www.truste.com), an online privacy management services provider, 60% of adults said they have privacy concerns about mobile app use.

PunchTab found that just 27% of U.S. smartphone users would allow mobile in-store tracking in order to receive relevant, real-time information and offers. Among those who would not allow in-store tracking, 63% cited privacy or intrusiveness as their primary concerns.
66

IN-STORE TRACKING

66.1 Observational Customer Research
The science of analyzing customers while in stores in order to understand their shopping habits dates to the mid-1990s, when Envirosell (www.envirosell.com) used video cameras to observe shopping patterns as shoppers navigated various retail environments. The 1999 book Why We Buy, authored by Paco Underhill, the founder of Envirosell, is the classic book on observational customer research.

The expanded use of in-store tracking technologies is, in part, an effort by bricks-and-mortar retailers to catch up with their online competitors.

“The new retail trend is to watch shoppers inside stores. For many years shops used rudimentary ‘break-beam’ systems – lasers stretched across their entrances – to count people in and out. Only recently have they begun to follow customers inside their buildings. A new industry has sprung up selling indoor-location services to retailers.”

The Economist, 12/24/16

66.2 Smartphone Tracking
According to ABI Research (www.abiresearch.com), some 200,000 shops around the world now have systems to track phones, including free Wi-Fi. The often-overlooked terms and conditions for Wi-Fi typically allow stores to see a shopper’s online search history as well as track their location.
“Tracking technologies are ingenious. Some flash out a code to smartphone cameras by means of LED lighting; others ... monitor how devices disrupt a store’s geomagnetic field. This can open up a ‘gold mine’ of data.”

*The Economist, 12/24/16*

Some retailers already use tracking to target extremely personal, location-based advertisements to customers’ phones. According to *The Economist*, some retailers even send customers discount offers via smartphone if they google a competitor about a specific product while in their store.

The day has not yet arrived when retailers greet each customer individually, as in the 2002 film *Minority Report*. That is, in large part, because most retailers are wary of tracking people quite so closely – the technology is already in place for such personalization.

According to ABI Research, Apple and Google have developed technologies to track indoor location. Currently an iPhone or Android handset can track its owner on the path to shops but not inside them because GPS satellite signals do not penetrate building walls. Now Apple and Google are beginning to offer indoor-location services to retailers that use the motion sensors already in handsets. These can see where their owners are, and where they are moving to, using a map of existing Wi-Fi or radio-frequency signals. Shops would not need to set up systems to follow their customers’ phones.

According to Aisle411 (www.asile411.com), an indoor positioning firm, one-third of the top 100 U.S. retailers are experimenting with some mapping technology from either Google or Apple.

“Soon the world of physical shopping may come to resemble that online. At the center of it will be your phone, knowing exactly what you want, and able to lead you to within one foot of it.”

*The Economist, 12/24/16*
66.3 Mobile Panels
Retailers have long used customer purchasing data to guide their marketing campaigns, but broader data on shopper spending and how people respond to promotions has been harder to come by. A relatively recent advance is the use of panels of smartphone users who track the intricacies of their in-store experience, from what they buy to what products are on shelves, how they’re merchandised, and how they respond to what they see.

“The mobile panel industry has grown fast enough that it’s hard to recall just how difficult it was to track what was happening in stores only a few years ago.”

Advertising Age

Major retailers are also supplementing their own loyalty programs with mobile shopper panels.

66.4 Facial Recognition
Facial recognition technology is in the early stages of development. Commercial systems are now being used by retailers to determine general characteristics like age range, gender, ethnicity, and level of attention. This information is used to personalize display ads, optimize the placement of displays, and match sales staff to the customer mix.

Almax (www.almax-italy.com) has developed SeeEye, a mannequin with a camera embedded in one eye used to log customers. The $5,000 device is used by several U.S. retailers. The mannequin prompted one retailer to change its window displays after observing differences in the gender mix of customers. The mannequin at another store observed that one-third of customers using a particular entrance after 4 p.m. were Asian; Chinese-speaking salespeople were moved to that location.

Brickstream (www.brickstream.com) uses a stereoscopic camera to separate adults from children and counts people in different parts of a store to determine which aisles are most popular.

Syngera (www.syngera.com) sells software for checkout devices that tailors marketing messages to a customer’s gender, age, and mood as measured by facial recognition.
Realeyes (www.realeyes.com) analyzes facial cues for responses to ads and monitors shoppers’ so-called happiness levels in stores and their reactions at the register.

“Cameras have become so sophisticated, with sharper lenses and data-processing, that companies can analyze what shoppers are looking at, and even what their mood is.”

The New York Times

Fast-food restaurant chains have used facial recognition to tailor promotions to customers while they view the menu board based on their age and gender. To dispense food samples in supermarkets, Kraft Foods uses a kiosk that can qualify shoppers by age or gender before providing a sample. Only when an adult is detected is a sample dispensed.

66.5 RFID Tracking

Some large retailers are implementing systems that involve RFID tags attached to the merchandise. Although not yet implemented nationwide by any major U.S. retailer, such systems are envisioned as a way to provide automated checkout by detecting every item in a shopping cart and debiting customers’ accounts so they avoid conventional checkout lines. The systems also allow precise inventory control by sending information on each shoppers' purchases to the retailer and product manufacturers. The tags also will allow retailers to track merchandise back to the point of manufacture in case of a recall, or to make sure it isn’t counterfeit. Walmart, which for many years has used RFID tags to track pallets of merchandise traveling through their supply chains, began installing on a trial basis ‘smart tags’ on apparel at some stores.

JCPenney has also announced plans to install RFID tags on inventory storewide and to replace traditional cash-wrap stations with automated self-checkout. RFID inventory systems will provide retailers with a wealth of information beyond inventory control. Retailers will gain insight into which items are typically purchased together, track shopping navigation patterns, and more. Retailers could even track individual customers' purchases for those who identify themselves through a location-based smartphone app, loyalty program registration, or digital coupon use. Retailers can take steps to insure customer privacy when RFID tags are used.
Walmart, for instance, requires that suppliers add the tags to removable labels or packaging instead of embedding them into clothes, to minimize fears that they are being used to track shopper’s movements.

66.6 Privacy Issues
While privacy issues about research that simply observes but does not identify customers as they shop are minimal, there are concerns about the next step that retailers might take as observational technologies advance.

“Privacy advocates are troubled by the array of video cameras, motion detectors, and other sensors monitoring the nation’s shopping aisles. While taping shoppers is legal, critics say it is unethical to observe people as if they were lab rats. They are concerned that the practices will lead to an even greater invasion of privacy.”

The New York Times

Katherine Albrecht, founder of the advocacy group Consumers Against Supermarket Privacy Invasion and Numbering (www.nocards.org), believes that it is inevitable that some technologies such as facial recognition will advance to the point that data and shopping behaviors can be linked to individuals.

Privacy advocates also have raised issues about the expanded use of RFID technology, such as identifying customers through their personal ID cards. Several states, including Washington and New York, have begun issuing enhanced driver’s licenses with embedded RFID tags and retailers could theoretically scan customers’ licenses as they make purchases, combine this identification with their credit card data, and then know the person’s identity the next time they step into the store.

66.7 Key Players
3VR, 814 Mission Street, Suite 400, San Francisco, CA 941037. (415) 495-5790. (www.3VR.com)

Almax, Via Boaresco 44, P.O. Box 97, 22066 Mariano Comense, Italy.
Tel.: +39 031 74 98 52. (www.almax-italy.com)
Catalina Marketing, 200 Carillon Parkway, St. Petersburg, FL 33716. (877) 210-1917. (www.catalinamarketing.com)

Envirosell, 907 Broadway, 2nd Floor, New York, NY 10010. (212) 673-9100. (www.envirosell.com)

Kairos, 2200 NW 2nd Avenue, Miami, FL 33127. (www.kairos.com)

IMRSV, 86 Chambers Street, Suite 704, New York, NY 10007. (347) 391-2727. (www.imrsv.com)

Prism Skylabs, 799 Market Street, 8th Floor, San Francisco, CA 94103. (415) 704-8762. (www.prismskylabs.com)

RetailNext, 845 Market Street, 10th Floor, San Jose, CA 95113. (408) 884-2162. (www.bviretailnext.com)

ShopperTrak, 233 South Wacker Drive, Chicago, IL 60606. (312) 529-5300. (www.shoppertrak.com)
67

CROSS-CHANNEL TRACKING

67.1 Overview
Marketers have been tracking consumers online for more than 20 years, since the invention of the ‘cookie’ by Netscape, and on mobile devices for more than a decade. But, until recently, data was not correlated as consumers moved from online to their mobile device to in-store. Marketers are now beginning to track customers across channels. This will allow, for example, consumers to be served ads on their smartphone based on their laptop or PC browsing activities.

“Cross-linking everything across screens and devices is the biggest and most important trend this year. Linking allows you to target across devices and measure whether an ad on a mobile device or PC drove an in-store sale. These types of insights will be important for advertisers.”

eMarketer

67.2 Priority And Implementation
In a survey by Econsultancy (www.econsultancy.com), 67% of marketers said that integrating all marketing across channels, or cross-channel marketing, was their top priority. However, the survey found that most marketers have not yet achieved their goal of seamless cross-channel tracking. Just 10% said their messaging, execution, and delivery are aligned across touchpoints. Only 7% of respondents said their organizations were prepared to execute cross-channel marketing.

The following are cross-channel marketing capabilities reported in the Econsultancy survey (percentage of respondents):
• We understand our customers’ journeys and adapt or channel mix accordingly: 43%
• We have cross-functional/cross-silo teams to facilitate integrated marketing: 30%
• We have measured the financial results of conducting cross-channel/integrated marketing: 19%
• We have measured the customer retention benefits of conducting cross-channel/integrated marketing: 14%

“As consumers bounce from device to device throughout the day, marketers are trying to figure out how to track them across platforms. As a result, cross-channel marketing is a top priority for the majority of client-side marketers queried in a study by Econsultancy for Oracle. However, a look at the other cross-channel capabilities cited by respondents showed that just because cross-channel was a priority didn’t mean they were actually doing it.”

eMarketer

67.3 Beyond Cookies

Tracking using cookies has the limitation that they are device specific. New protocols for identifying customers extend beyond devices. Some programs track users by their IP addresses; others look at users’ operating systems and other factors.

One such tracking methodology is ‘canvas fingerprinting,’ developed by AddThis (www.addthis.com). The technique creates a unique image of visiting computers and devices. Researchers at Princeton University found over 5,000 sites monitoring users with canvas fingerprinting; most do not mention this in their privacy policies.

Google uses Advertising ID, a unique number that corresponds to a particular customer, linking mobile browser activity to app use. As of August 2014, publishers of new or updated Android apps in Google’s online store were required to catalog customers with Advertising ID. Apple’s system, Identifier for Advertising, performs similarly.

Facebook can track user activity on any website that has a Like button. Facebook also uses Atlas, an ad-serving service acquired from Microsoft. Atlas lets advertisers target ads to people based on data that Facebook gathers, including
Facebook activity and web-browsing activity. Facebook associates all of this activity with a unique Facebook ID.

_________________________________________________________________

“Atlas tracks consumers online and offline via Facebook IDs. Advertisers can track ad performance across devices and publishers without having to rely on cookies.”

emarketer

_________________________________________________________________

While controls are in place for consumers to block cookies to protect their privacy, cookie alternatives are nearly impossible to spot or disable because they don’t have built-in consumer controls or an ability to be turned off.

67.4 Tracking Services

AppLovin (www.applovin.com), BlueCava (www.bluecava.com), Drawbridge (www.drawbridge.com), LiveIntent (www.liveintent.com), Magnetic (www.magnetic.com), and Tapad (www.tapad.com), among others, sell tracking services and software that can link smartphones, tablets, PCs, and even Internet-connected televisions to a distinct though nameless person. The companies’ algorithms sift the details of each device’s Web use based on factors such as IP address, browsing patterns.
“We’ve all grown accustomed to the intrusive practice of ‘retargeting’ – online ads that follow you from site to site. But if you have comforted yourself with the thought that you can always escape by logging off your computer, think again. Not with players like Tapad in the game. Tapad gives advertisers the power to follow consumers not just from site-to-site but from device-to-device, stalking users as they switch from PC to tablet to smartphone. The company does it by collecting and processing data to determine which devices are shared by a person or household.”

Forbes
APPENDIX A

ACADEMIC CENTERS

A.C. Nielsen Center For Marketing Research
University of Wisconsin - Madison, Wisconsin School of Business, 975 University Avenue, Madison, WI 53706.  
(http://bus.wisc.edu/centers/ac-nielsen-center-for-marketing-research)

Academy of Marketing Science
Louisiana Tech University, College of Business, BUS 347A, P.O. Box 3072, Ruston, LA 71272.  (www.business.latech.edu/centers/ams/)

Center for Business Analytics
Villanova University, 800 E. Lancaster Avenue, Villanova, PA 19085.  
(http://www1.villanova.edu/villanova/business/centers/businessanalytics.html)

Center for Global Marketing Practice
Northwestern University, Kellogg School of Management, 2001 Sheridan Road, Evanston, IL 60208.  (www.kellogg.northwestern.edu/research/fgmp/)

Center for Hispanic Marketing Communications
Florida State University, 3127, Building C, FSU University Center, Tallahassee, FL 32306.  (http://hmc.comm.fsu.edu/)

Center for Marketing and Social Issues
Colorado State University, Department of Marketing, 111 Rockwell Hall, Fort Collins, CO 80523.  (http://biz.colostate.edu/marketing/center/Pages/default.aspx)

Center for Marketing and Technology
Bentley University, 175 Forest Street, Waltham, MA 02452.  
(www.bentley.edu/centers/cmt)

Center for Marketing Research
Cleveland State University, Monte Ahuja Hall, Room 460, 2121 Euclid Avenue, Cleveland, OH 44115.  (http://csuw3.csuohio.edu/business/academics/mkt/center.html)

Center for Marketing Research
University of Massachusetts Dartmouth, 285 Old Westport Road, North Dartmouth, MA 02747.  (www.umassd.edu/cmr)
Center for Pharmaceutical Marketing
University of Mississippi, Faser Hall Rooms 128-136, P.O. Box 1848, University, MS 38677. (www.pharmacy.olemiss.edu/cpmm/)

Center for Positive Marketing
Fordham University, 113 W. 60th Street, New York, NY 10023. (www.centerforpositivemarketing.org/)

Center for Professional Selling
Baylor University, Hankamer School of Business, One Bear Place, Waco, TX 76798. (www.baylor.edu/business/selling/)

Center for Professional Selling
Kennesaw State University, 1000 Chastain Road, BB 255, Kennesaw, GA 30144. (http://professionalselling.kennesaw.edu/)

Center for Professional Selling
University of Dayton, 300 College Park, Dayton, OH 45469. (www.udayton.edu/students/sales/index.php#3)

Center for Professional Selling and Marketing
Western Carolina University, 104 Forsyth Building, Cullowhee, NC 28723. (www.wcu.edu/academics/departments-schools-colleges/COB/college-of-business-centers/center-for-professional-selling-and-marketing/index.asp)

Center for Relationship Marketing
University at Buffalo - The State University of New York, School of Management, 215 Jacobs Management Center, Buffalo, NY 14260. (http://mgt.buffalo.edu/faculty/academic/marketing/CRM)

Center for Sales & Sales Management
University of Wisconsin Eau Claire, Schneider Hall, P.O. Box 4004, Eau Claire, WI 54702. (www.uwec.edu/cob/salescenter/index.htm)

Center for Sales Leadership
DePaul University, 1 E. Jackson, Suite 7500, Chicago, IL 60604. (www.salesleadershipcenter.com)

Center for Sales Leadership
University of Alabama - Birmingham, Collat School of Business, 1720 2nd Avenue S, Birmingham, AL 35294. (www.uab.edu/business/departments-centers/centers-outreach/center-for-sales-leadership)

CONSUMER MARKETING 2018-2019
Center for Services Marketing & Management
Florida Atlantic University, College of Business, 777 Glades Road, Boca Raton, FL 33431. (www.fau.edu/csmm/)

Centre for Integrated Marketing Communications
San Diego State University, College of Business Administration, 5500 Campanile Drive, San Diego, CA 92182. (http://cbaweb.sdsu.edu/imc)

Institute For Applied Business Research
Florida State University, P.O. Box 3061110, Tallahassee, FL 32306. (http://tmi.cob.fsu.edu/)

Institute for Research In Marketing
University of Minnesota - Twin Cities Campus, Carlson School of Management, 321 19th Avenue South, Minneapolis, MN 55455. (http://carlsonschool.umn.edu/faculty-research/institute-research-in-marketing)

Institute for the Study of Business Markets
Pennsylvania State University, 484 Business Building, University Park, PA 16802. (http://isbm.smeal.psu.edu/)

Interactive Marketing Institute
Virginia Commonwealth University, 901 W. Main Street, P.O. Box 84-2034, Richmond, VA 23284. (www.imi.vcu.edu/)

James M. Kilts Center for Marketing
University of Chicago, Booth School of Business, 5807 Woodlawn Avenue, Chicago, IL 60637. (http://research.chicagobooth.edu/kilts/)

Kellstadt Marketing Center
DePaul University, Driehaus College of Business, 1 East Jackson, Chicago, IL 60604. (http://driehaus.depaul.edu/about/centers-and-institutes/kellstadt-marketing-center/about/pages/default.aspx)

Market Research Center
Seton Hall University, Stillman School of Business, 400 S. Orange Avenue, 677 Jubilee Hall, South Orange, NJ 07079. (www.shu.edu/academics/business/market-research/index.cfm)

National Strategic Selling Institute
Kansas State University, 110 Calvin Hall, Manhattan, KS 66506. (http://cba.k-state.edu/about/departments-initiatives/national-strategic-selling-institute/index.html)
Owen Entrepreneurship Center
Vanderbilt University, Owen Graduate School of Management, 401 21st Avenue South, Nashville, TN 37206. (http://www2.owen.vanderbilt.edu/oec/)

Sales Excellence Institute
University of Houston, C. T. Bauer College of Business, 334 Melcher Hall, Houston, TX 77204. (www.bauer.uh.edu/sei/index.php)

Southwest Marketing Advisory Center
Southwest Minnesota State University, Science & Technology 203, 1501 State Street, Marshall, MN 56258. (www.smsu.edu/smac/)

Warsaw Sports Marketing Center
University of Oregon, Lundquist College of Business, 1208 University of Oregon, Eugene, OR 97403. (http://business.uoregon.edu/centers/warsaw)
APPENDIX B

ANALYSTS

Accenture, 1345 Avenue of the Americas, New York, NY 10105. (917) 452-4400. (www.accenture.com)


American Customer Satisfaction Index (ACSI), 625 Avis Drive, Ann Arbor, MI 48108. (734) 913-0788. (www.theacsi.org)

Ascend2, 36 Links Lane, Marstons Mills, MA 02648. (800) 762-1595. (www.ascend2.com)


BIA/Kelsey, 14150 Parkeast Circle, Suite 110, Chantilly, VA 20151. (703) 818-2425. (www.biakelsey.com)


Boston Consulting Group, Exchange Place, 31st Floor, Boston, MA 02109. (617) 973-1200. (www.bcg.com)

Brand Keys, 115 E. 57th Street, 11th Floor, New York, NY 10022. (212) 532-6028. (www.brandkeys.com)

Chadwick Martin Bailey, 179 South Street, 3rd Floor, Boston, MA 02111. (617) 350-8922. (www.cmbinfo.com)

Concentric Marketing, 101 Worthington Avenue, Suite 190, Charlotte, NC 28203. (704) 731-5100. (www.getconcentric.com)

Datamonitor, 245 Fifth Avenue, 4th Floor, New York, NY 10016. (212) 686-7400. (www.datamonitor.com)
Economic Analysis Associates, 5 Glen Court, Greenwich, CT 06830. (203) 869-9667. (www.eaaresearch.com)

Econsultancy, 350 7th Avenue, Suite 307, New York, NY 10001. (212) 971-0630. (www.econsultancy.com)

eMarketer, 11 Times Square, New York, NY 10036. (800) 405-0844. (www.emarketer.com)


First Research, 5800 Airport Boulevard, Austin, TX 78752. (866) 788-9389. (www.firstresearch.com).

ForeSee, 2500 Green Road, Suite 400, Ann Arbor, MI 48105. (800) 621-2850. (www.foresee.com)

Forrester Research, 60 Acorn Park Drive, Cambridge, MA 02140. (617) 613-5730. (www.forrester.com)

Frost & Sullivan, 331 E. Evelyn Avenue, Mountain View, CA 97845. (877) 463-7678. (www.frost.com)

Gartner, 56 Top Gallant Road, Stamford, CT 06902. (203) 964-0096. (www.gartner.com)

GfK, 200 Liberty Street, 4th Floor, New York, NY 10281. (212) 240-5300. (www.gfk.com)


IEG, 350 North Orleans Street, Suite 1200, Chicago, IL 60654. (800) 834-4850. (www.sponsorship.com)

International Data Corporation, 5 Speen Street, Framingham, MA 01701. (508) 872-8200. (www.idc.com)

International Demographics, 10333 Richmond Avenue, Suite 200, Houston, TX 77042. (713) 626-0333. (www.themediaaudit.com)

Ipsos Marketing, 1600 Stewart Avenue, Suite 500, Westbury, NY 11590. (516) 507-3515. (www.ipsos.com/marketing)
IRI, 150 North Clinton Street, Chicago, IL 60661. (312) 726-1221. (www.iriworldwide.com)

J.D. Power and Associates, 2625 Townsgate Road, Westlake Village, CA 91361. (805) 418-8000. (www.jdpower.com)


Kantar Futures, 1300 Environ Way, Chapel Hill, NC 27517. (919) 932-8858. (www.thefuturescompany.com)

Kantar Media, 11 Madison Avenue, 12th Floor, New York, NY 10010. (212) 991-6000. (www.kantarmedia.com)

Kantar Retail, 585 S. Front Street, Suite 50, Columbus, OH 43215. (614) 355-4000. (www.kantarretail.com)

Shapiro+Raj, 153 West Ohio Street, Suite 300, Chicago, IL 60654. (312) 321-8111. (www.shapiroraj.com)

Luxury Institute, 115 East 57th Street, 11th Floor, New York, NY 10022. (646) 792-2669. (www.luxuryinstitute.com)

Mintel, 333 West Wacker Drive, Suite 1100, Chicago, IL 60606. (312) 932-0400. (www.mintel.com)

Multicultural Marketing Resources, 150 West 28th Street, Suite 1501, New York, NY 10001. (212) 242-3351. (www.multicultural.com)

New Strategist, 26 Austin Avenue, P.O. Box 635, Amityville, NY 11701. (800) 848-0842. (www.newstrategist.com)

Nielsen, 770 Broadway, New York, NY 10003. (646) 654-5000. (www.nielsen.com)


APPENDIX C

ASSOCIATIONS

ABM, The Association of Business Information and Media Companies, 675 Third Avenue, Suite 2200, New York, NY 10017. (212) 661-6360. (www.abmassociation.com)

Academy of Marketing Science, c/o College of Business, Louisiana Tech University P.O. Box 3072, Ruston, LA 71272. (www.ams-web.org)

American Association of Advertising Agencies, 1065 Avenue of the Americas, 16th Floor, New York, NY 10018. (212) 682-2500. (www.aaaa.org)

American Marketing Association, 130 E. Randolph Street, 22nd Floor, Chicago, IL 60601. (312) 542-9000. (www.marketingpower.com)

Association of National Advertisers, 708 Third Avenue, 33rd Floor, New York, NY 10017. (212) 697-5950. (www.ana.net)

Association of Strategic Marketing, 2510 Alpine Road, Eau Claire, WI 54703. (866) 226-0828. (www.associationofmarketing.org)

Business Marketing Association, 708 Third Avenue, 33rd Floor, New York, NY 10017. (212) 697-5950. (www.marketing.org)

Canadian Marketing Association, 1 Concorde Gate, Suite 607, Don Mills, ON M3C 3N6 Canada. (416) 391-2362. (www.the-cma.org)

Chief Marketing Officer (CMO) Council, 1494 Hamilton Avenue, San Jose, CA 95125. (408) 677-5300 x5333. (www.cmocouncil.org)

Direct Marketing Association, 1333 Broadway, Suite 301, New York, NY 10018. (212) 768-7277. (www.thedma.org)

Exhibit & Event Marketers Association, 2214 NW 5th Street, Bend, OR 97701. (541) 317-8768. (www.e2ma.org)

International Association of Exhibitions and Events (IAEE), 12700 Park Central Drive, Suite 308, Dallas, TX 75251. (972) 458-8002. (www.iaee.com)

Internet Marketing Association, 10 Mar Del Rey, San Clemente, CA 92673. (949) 443-9300. (www.imanetwork.org)

ITSMA, 91 Hartwell Avenue, Lexington, MA 02421. (781) 862-8500. (www.itsma.com)


Online Marketing Institute, 2088 Union Street, #3, San Francisco, CA 94123. (415) 450-9524. (www.onlinemarketinginstitute.org)

Video Advertising Bureau, 830 3rd Avenue, 2nd Floor, New York, New York 10022. (212) 508-1200. (www.thevab.com)

Web Marketing Association. (www.webmarketingassociation.org)
APPENDIX D

CONTENT MARKETING AGENCIES

10x digital (www.10xdigitalinc.com)
3degreeZ Marketing (www.3degreez.com)
72andSunny (www.72andsunny.com)
97th Floor (www.97thfloor.com)
Aberdeen (www.aberdeen.com)
Accenture Digital (www.accenture.com)
Adhere Creative (www.adherecreative.com)
adQuadrant (www.adquadrant.com)
Advance Ohio (www.advance-ohio.com)
AG Integrated Marketing Strategists (www.anthonygaenzle.com)
AHA (www.ahainc.com)
Allison+Partners (www.allisonpr.com)
ANNUITAS (www.annuitas.com)
AP Content Services (www.ap.org/solutions/content-services)
Arnold Worldwide (www.arn.com)
Arras Keathley (www.arrasgroup.com)
Artifact Studios (www.artifactla.com)
Ascend Integrated Media (www.ascendmedia.com)
Atlantic Media Strategies (www.atlanticmediastrategies.com)
Audienz (www.audienz.com)
Austin Lawrence Group (www.austinlawrence.com)
Avalaunch Media (www.avalaunchmedia.com)
Avanade (www.avanade.com)
Ayzenberg Group (www.ayzenberg.com)
BKA Content (www.bkacontent.com)
Babcock & Jenkins (www.bnj.com)
Bader Rutter (www.baderrutter.com)
Bandolier Media (www.Bandoliermedia.com)
BankBound (www.bankbound.com)
Barkley (www.barkleyus.com)
Behavior (www.behaviordesign.com)
Berry (www.theberrycompany.com)
Beutler Ink (www.beutlerink.com)
BigWing Interactive (www.bigwing.com)
Bite Sized Media (www.bite-sizedmedia.com)
BLASTmedia (www.blastmedia.com)
Bloomberg Kinection (www.bloombergmedia.com/creative)
Blu Pagoda (www.blupagoda.com)
Blue Skies Marketing (www.blueskiesmktg.com)
BlueBird Strategies (www.bluebirdstrat.com)
Bluetext (www.bluetext.com)
Boomm Marketing & Communications (www.boomm.com)
Born Group (www.borngroup.com)
Brafton (www.brafton.com)
BrandGrew Strategies (www.brandgrewstrategies.com)
Brandpoint (www.brandpoint.com)
Brick Marketing (www.brickmarketing.com)
Broadhead Company (www.broadheadco.com)
BroadPR (www.broadpr.com)
Brokaw (www.brokaw.com)
Brunner (www.brunnerworks.com)
Burns Marketing (www.burnsmarketing.com)
BusinessOnline (www.businessol.com)
C+C (www.cplusc.com)
Callahan Creek (www.callahancreek.com)
Campbell Ewald (www.lowecampbellewald.com)
Campfire at SapientNitro (www.campfirenyc.com)
Captains of Industry (www.captainsofindustry.com)
Carmichael Lynch Relate (www.carmichaellynchrelate.com)
Carrot Creative (www.carrot.is/creative)
Casual Astronaut (www.casualastronaut.com)
CBD Marketing (www.cbdmketing.com)
Centerline Digital (www.centerline.net)
Chandler Chicco Agency (www.ccapr.com)
Chempetitive Group (www.chempetitive.com)
Cie Digital Labs (www.ciedigital.com)
Clarity Quest Marketing (www.clarityqst.com)
ClickSpring (www.clickspring.com)
CMD (www.cmdagency.com)
CNN Collection (www.cnn.com/collection)
Colloquial, a WPP company (www.colloquial.com)
Column Five (www.columnfiveagency.com)
ComBlu (www.comblu.com)
Compelling Content Solutions (www.compellingcontentsolutions.com)
Content Flair (www.contentflair.com)
Content Harmony (www.contentharmony.com)
Content Launch (www.contentlaunch.com)
Content Ohana (www.contentohana.com)
Content Science (www.content-science.com)
ContentBoost (www.contentboost.com)
Convince and Convert (www.convinceandconvert.com)
CopyPress (www.copypress.com)
Coquí Content Marketing (www.coquicontentmarketing.com)
CoreElement (www.core-el.com)
Cramer (www.cramer.com)
Cranberry (www.cranberry.com)
Cultivate Communications (www.cultivatecommunications.com)
Curate Directive (www.curatedirective.com)
Cursive Content Marketing (www.cursivecontent.com)
Customer Magnetism (www.customermagnetism.com)
Cut to the Content (www.cuttothecontent.com)
D Custom (www.dcustom.com)
Davis Harrison Dion (www.dhdchicago.com)
Deloitte Digital (www.deloittedigital.com)
Demand Signals (www.demandsignals.com)
DemandLab (www.demandlab.com)
DeSantis Breindel (www.desantisbreindel.com)
Diablo Custom Publishing (www.dcpubs.com)
Dialect (www.dialectinc.com)
Digital Remedy (www.consumedmedia.com)
DigitasLBi (www_digitaslb.com)
Dino Publishing (www.dinopublishing.com)
Directive Consulting (www.directiveconsulting.com)
DK New Media (www.dknewmedia.com)
DMI (www.dminc.com/integrated-approach/brand-marketing)
Droga5 (www.droga5.com)
early bird digital marketing (www.earlybirddigitalmarketing.com)
Eastwick Communications (www.eastwick.com)
EBYLINE (www.ebyline.com)
Edelman (www.edelman.com)
Embryo Creative (www.embryocreative.com)
emfluence (www.emfluence.com)
Eemota (www.eemota.com)
Empower MediaMarketing (www.empowermm.com)
Endurance Marketing (www.endurancemktg.com)
EnVeritas Group (www.enveritasgroup.com)
Epic Presence (www.epicpresence.com)
Eric Mower + Associates (www.mower.com)
Erwin Penland (www.erwinpenland.com)
Ethology (www.ethology.com)
Ethos Creative Group (www.ethoscreate.com)
Eucalypt LLC (www.eucalypt.co)
EVB (www.evb.com)

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Extractable (www.extractable.com)
Fahlgren Mortine (www.fahlgren.com)
fama PR (www.famapr.com)
Family Features (www.familyfeatures.com)
Fathom, Digital Marketing (www.fathomdelivers.com)
Favorite Brother (www.favoritebrother.com)
Federated Media (www.federatedmedia.net)
FH ContentWorks (www.fleishmanhillard.com/fh-contentworks)
First Pointer (www.firstpointer.com)
Focused Agency (www.fcsd.agency)
Forbes Media (www.forbesmedia.com)
Forrester Consulting (www.forrester.com)
Forward Push (www.forwardpush.com)
Four Dots (www.fourdots.com)
Foxtail Marketing (www.foxtailmarketing.com)
Fractl (www.fractl.com)
Frame Concepts (www.frameconcepts.com)
FSC Interactive (www.fscinteractive.com)
Full Tilt Consulting (www.fulltiltconsulting.com)
Fusion 360 (www.fusion360agency.com)
FusionSpark Media (www.fusionspark.com)
FVM (www.thinkfvm.com)
G/O Digital (www.godigitalmarketing.com)
G3 Communications (www.gthreecom.com)
Gannett Custom Media (www.gannett.com)
Gate6 (www.gate6.com)
GLC (www.glcdelivers.com)
Global Prairie (www.global-prairie.com)
Go! Experience Design (www.goxd.com)
Grafik (www.grafik.com)
Gravitate (www.gravitatedesign.com)
Grayton Integrated Publishing (www.graytonpub.com)
Grey (www.grey.com)
Group SJR (www.groupsjr.com)
GS Design (www.gsdesign.com)
GSW (www.gsw-w.com)
GYK Antler (www.gykanter.com)
gyro (www.gyro.com)
H.O. Zimman (www.hozinc.com)
Hammock (www.hammock.com)
Hanley Wood Marketing (www.hanleywood.com)
HB Agency (www.hbagency.com)
Hello MarketingAgency (www.hellomarketingagency.com)
High Five Marketing (www.h5marketing.com)

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Hileman Group (www.hilemangroup.com)
HIMSS Media Lab (www.himssmedialab.com)
Hinge (www.hingemarketing.com)
Hop Online (www.hop-online.com)
Hotwire PR (www.hotwirepr.com)
HubShout (www.hubshout.com)
Huge (www.hugeinc.com)
Huify (www.huify.com)
Hustlemo (www.hustlemo.re)
HyperX Media (www.hyperxmedia.com)
iAcquire (www.iacquire.com)
IBM iX (www.ibm.com/ibmix)
iconiContent (www.iconicontent.com)
iCrossing (www.icrossing.com)
icuc.social (www.icuc.social)
ICW Content (www.icwcontent.com)
Idea Grove (www.ideagrove.com)
IDG Enterprise (www.idgenterprise.com)
IEEE Engineering360 Media Solutions (www.engineering360.com/advertising)
Imagination (www.imaginepub.com)
Institute Imaginovation (www.imaginovation.net)
Immersion Active (www.immersionactive.com)
Impression Marketing (www.impression-marketing.com)
IMPRINT, a Sullivan Content Lab (www.imprintcontent.com)
Indigo Slate (www.indigoslate.com)
Influence & Co. (www.influenceandco.com)
InkHouse (www.inkhouse.com)
inSegment (www.insegment.com)
Internet Marketing Inc. (www.internetmarketinginc.com)
ion interactive (www.ioninteractive.com)
iostudio (www.iostudio.com)
iProspect (www.iprospect.com)
Isadora (www.isadoradesign.com)
Johnson Communications (www.linkedin.com/in/shelleymjohnson)
Journey Group (www.journeygroup.com)
Just Media (www.justmedia.com)
Ken Cook Co. (www.kencook.com)
KEO Marketing (www.keomarketing.com)
King Content (www.kingcontentagency.com)
King Fish Media (www.kingfishmedia.com)
KPMG International (www.kpmg.com)
Kuno Creative (www.kunocreative.com)
Latcha+Associates (www.latcha.com)
Laughlin Constable (www.laughlin.com)
Launch Squad (www.launchsquad.com)
Layer One Media (www.layeronemedia.com)
Leopard, an Ogilvy & Mather Company (www.leopard.com)
Leverage Media (www.leveragemedia.com)
Lewis PR (www.teamlewis.com)
Lexicon Content Marketing (www.lexiconcontentmarketing.com)
Liquid Agency (www.liquidagency.com)
Luckie & Company (www.luckie.com)
Lumeno Marketing (www.lumenomarketing.com)
Lure Agency (www.lureagency.com)
Madalana (www.madalana.com)
Madden Media (www.maddenmedia.com)
madison/miles media (www.madisonmilesmedia.com)
Manifest (www.manifest.com)
Marccx Media (www.marccx.com)
March Communications (www.marchpr.com)
Marcus Thomas (www.marcusthomasllc.com)
Marketing Insider Group (www.marketinginsidergroup.com)
Matter (www.matternow.com)
McConnell Marketing (www.mcconnellmarketing.com)
McKee Wallwork + Co. (www.mckeewallwork.com)
MEC Global (www.mecglobal.com)
Media Link (www.medialinkinc.com)
Media Logic (www.medialogic.com)
MediaSource (www.mediasourcetv.com)
MedTouch (www.medtouch.com)
Meredith Xcelerated Marketing (www.mxm.com)
MeringCarson (www.meringcarson.com)
Merkle (www.merkleinc.com)
MESH Interactive Agency (www.meshagency.com)
Miles Partnership (www.milespartnership.com)
Mills James (www.millsjames.com)
Mindgruve (www.mindgruve.com)
Mindshare (www.mindshareworld.com)
Mirum (www.mirumagency.com)
Mobium (www.mobium.com)
Modern Marketing Partners (www.modernmarketingpartners.com)
Mojo Media Labs (www.mojo.medialabs.com)
Mother New York (www.mothernewyork.com)
Movable Media (www.movablemedia.com)
Moving Minds (www.movingmindsllc.com)
MRM//McCann (www.mrm-mccann.com)
MSP-C (www.msp-c.com)
Mullen Lowe Profero (www.mullenloweprofero.com)
MullenLowe U.S. (www.us.mullenlowe.com)
nDash.Co (www.ndash.co)
Nelson Schmidt (www.nelsonschmidt.com)
Neo@Ogilvy (www.neoogilvy.com)
Netmark.com (www.Netmark.com)
New Digital Noise (www.ndndigital.co)
Nina Hale (www.ninahale.com)
Nomadic Agency (www.nomadicagency.com)
Nowspeed (www.nowspeed.com)
NR Media Group (www.nrmedia.biz)
O'Neill Communications (www.oneillcommunications.com)
OgilvyOne Worldwide (www.ogilvyone.com)
Onion Labs (www.labs.theonion.com)
Original9 Media (www.original9.com)
Outlook Marketing (www.outlookmarketingsrv.com)
Pace (www.paceco.com)
PadillaCRT (www.padillacrt.com)
PageLadder (www.pageladder.com)
Palio, an inVentiv Health company (www.palio.com)
Pappas Group - a DMI Company (www.pappasgroup.com)
Park&Co (www.parkandco.com)
Parthenon Publishing (www.parthenonpub.com)
Pepper Group (www.peppergroup.com)
Petrol Advertising (www.petrolad.com)
PJA Advertising + Marketing (www.agencypja.com)
Pluck PR (www.pluckpr.com)
PM Digital (www.pmdigital.com)
PMI (www.pmi.tv)
PMX Agency (www.pmxagency.com)
Point It (www.pointit.com)
Point Taken Communications (www.pointtakenpr.com)
Point To Point (www.pointtopoint.com)
Portal A (www.portal-a.com)
Position² (www.position2.com)
POSSIBLE (www.possible.com)
PR 20/20 (www.pr2020.com)
PropelGrowth (www.propelgrowth.com)
Publicitas (www.publicitas.com)
PwC (www.pwc.com)
Pyxl (www.thinkpyxl.com)
R2i (www.r2integrated.com)
Racepoint Global (www.racepointglobal.com)
RAPP (www.rapp.com)
Rauxa (www.rauxa.com)
Razorfish (www.razorfish.com)
Ready State (www.readystate.com)
Readypens (www.readypens.com)
Red Chair Communications (www.ahredchair.com)
Red Door Interactive (www.reddoor.biz)
Redbird (www.redbirdgroup.com)
Releventure (www.releventure.com)
Rem Custom Communications (www.remcustomcommunications.com)
Reputation Ink (www.rep-ink.com)
Response Capture (www.responsecapture.com)
Response Mine Interactive (www.responsemine.com)
Reuters News Agency (www.agency.reuters.com)
Revelry Agency (www.revelryagency.com)
RevUnit (www.revunit.com)
Right Source (www.rightsourcemarketing.com)
Rise Interactive (www.riseinteractive.com)
ROAR Groupe (www.roargroupe.com)
Roberts Communications (www.robertscomm.com)
RocketFuel (www.gorocketfuel.com)
Rodale Grow (www.rodale.com)
Rodgers Townsend (www.rogerstownsend.com)
Rosetta (www.rosetta.com)
SCORCH (www.scorchagency.com)
SHIFT Communications (www.shiftcomm.com)
Siege Media (www.siegemedia.com)
Siegel+Gale (www.siegelgale.com)
Sigma Group (www.sigmagroup.com)
Slack and Company (www.slackandcompany.com)
Slicebread (www.slicedbread.agency)
Social Intensity Media (www.socialintensitymedia.com)
SPARK (www.spark.us)
Sparkloft Media (www.sparkloftmedia.com)
Speakeasy (www.yourspeakeasy.com)
SPROUT Content (www.sproutcontent.com)
Stalwart Communications (www.stalwartcom.com)
Stein IAS (www.steinias.com)
Stevens Strategic Communications (www.stevensstrategic.com)
Story Worldwide (www.storyworldwide.com)
Stryde (www.stryde.com)
StudioOne (www.studioone.com)
Stunt and Gimmick’s (www.stuntandgimmicks.com)
Sumêr (www.writtenbysumer.com)
SyncShow (www.syncshow.com)
T Brand Studio (www.tbrandstudio.com)
T3 Custom (www.t3custom.com)
Tane Digital Video (www.tanedv.com)
TDA Group (www.tdagroup.com)
TEKsystems (www.teksystems.com)
Tell Your Story (www.tellyourstoryinc.com)
Tendo Communications (www.tendocom.com)
Teresa Meek Communications (www.teresameek.com)
Textbroker International (www.textbroker.com)
That’s Nice (www.thatsnice.com)
The Adcom Group (www.theadcomgroup.com)
The Barbarian Group (www.barbariangroup.com)
The Content Factory (www.contentfac.com)
The Foundry, a division of Time (www.thefoundry.nyc)
The Garrigan Lyman Group (www.glg.com)
The Idea People (www.theideapeople.com)
The Mx Group (www.themxgroup.com)
The Pohly Company (www.pohlyco.com)
The Writer (www.thewriter.com)
Thinkhandy (www.thinkhandy.com)
Third Door Media (www.thirddoormedia.com)
Three Ships (www.three-ships.com)
thunder.:tech (www.thundertech.com)
Tigertlily Consultants (www.tigertlilyconsultants.com)
TopRank Marketing (www.toprankmarketing.com)
Torchlite (www.torchlite.com)
Touchpoint Media (www.touchpointmedia.com)
Traction (www.tractionco.com)
TrafficPRM (www.traffic-prm.com)
TREW Marketing (www.trewmarketing.com)
Triad Retail Media (www.triadretail.com)
Tribune Content Agency (www.tribunecontentagency.com)
True North Custom (www.truenorthcustom.com)
Twist Creative (www.twist-creative.com)
Uproar Group Marketing (www.uproargroup.com)
Upward Brand Interactions (www.goupward.com)
VaynerMedia (www.vaynermedia.com)
Verdino & Co. (www.verdino.co)
Vertical Measures (www.verticalmeasures.com)
vh.AGENCY (www.vh.agency)
ViMax Media (www.vimaxmedia.com)
Viral Ideas Marketing (www.viralideasmarketing.com)
VIRGEN Digital Brand Marketing (www.virgenlv.com)
Visionista (www.visionista.tv)
APPENDIX E

MARKETING BLOGS

• Adages: The Blog (http://adage.com/blog)
• adfreak (www.adweek.com/adfreak)
• AdPulp (www.adpulp.com)
• Adrants (www.adrants.com)
• Ads of the World (www.adsoftheworld.com)
• Advertising Lab (http://adverlab.blogspot.com)
• Affiliate Marketing Blog by Shawn Collins (http://blog.affiliatetip.com/)
• Agency Spy (www.mediabistro.com/agencyspy)
• aimClear Blog (www.aimclearblog.com)
• Awaken Your Superhero (www.christopherspenn.com)
• BBH Labs (http://bbh-labs.com)
• Blogging Tips (www.bloggingtips.com)
• BrandFlakesForBreakfast (www.brandflakesforbreakfast.com)
• Branding Strategy Insider (www.brandingstrategyinsider.com)
• Brian Solis (www.briansolis.com)
• Bruce Clay Blog (www.bruceclay.com/blog/)
• Business 2 Community (www.business2community.com)
• CenterNetworks (www.centernetworks.com)
• ChrisBrogan.com (www.chrisbrogan.com)
• Church of the Customer (www.churchofthecustomer.com)
• ClickZ (www.clickz.com/type/news)
• Community Spark (www.communityspark.com)
• Compete Pulse (http://blog.compete.com)
• comScore blog (http://blog.comscore.com)
• Conversation Agent (www.conversationagent.com)
• ConverStations (www.converstations.com)
• Convince & Convert (www.convinceandconvert.com)
• Copyblogger (www.copyblogger.com)
• Creative Zone by MediaMind (http://creativezone.mediamind.com)
• crowdSPRING Blog (http://blog.crowdspring.com)
• Customer Experience Matters (http://experiencematters.wordpress.com)
• Daily Blog Tips (www.dailyblogtips.com)
• Damn, I Wish I’d Thought of That! (www.damniwish.com)
• Dan Zarrella (http://danzarrella.com)
• DigitalNext (http://adage.com/blog/digitalnext/603)
• Drew’s Marketing Minute (www.drewsmarketingminute.com)
• Duct Tape Marketing (www.ducttapemarketing.com)
• Everybody Loves Free Stuff (http://blog.epromos.com)
• Everything Technology Marketing (http://everythingtechnologymarketing.blogspot.com)
• Famous Bloggers (www.famousbloggers.net)
• First Call - Celebrity Acquisition + Engagement (http://octagonfirstcall.com/tag/first-call/)
• Forrester’s Marketing Blog (http://blogs.forrester.com)
• Future of Real Estate Marketing (www.futureofrealestatemarketing.com)
• Geoff Livingston’s Blog (http://geofflivingston.com)
• Global Neighbourhoods (http://globalneighbourhoods.net)
• grow (www.thegrowblog.com)
• GrowMap (www.growmap.com)
• Guerrilla Marketing defined (http://blog.guerrillacomm.com)
• HubSpot Internet Marketing Blog (http://blog.hubspot.com)
• If It’s Hip, It’s Here (http://ifitshipitshere.blogspot.com)
• Ignite Social Media (www.ignitesocialmedia.com)
• iMedia Connection Blog (http://blogs.imediaconnection.com)
• Influential Marketing Blog (http://rohitbhargava.typepad.com)
• Internet Marketing Strategies (http://internetmarketingstrategiesblog.org)
• jaffe juice (www.jaffejuice.com)
• Joe Pulizzi: Content Marketing Institute (http://blog.junta42.com)
• JoelComm.com (www.joelcomm.com)
• Jonathan Volk Affiliate Marketing Blog (www.jonathanvolk.com)
• Katya’s Nonprofit Marketing Blog (http://nonprofitmarketingblog.com)
• KDPaine’s Measurement Blog (http://kdpaine.blogs.com)
• Kyle Lacy (http://kylelacy.com)
• LevelTen Interactive (www.leveltendesign.com/blog)
• Logic+Emotion (http://darmano.typepad.com)
• Marketing Over Coffee (www.marketingovercoffee.com)
• Marketing Pilgrim (www.marketingpilgrim.com)
• Marketing Profs Daily Fix (www.mpdailyfix.com)
• Mobile Marketing Watch (www.mobilemarketingwatch.com)
• Neuromarketing (www.neurosciencemarketing.com/blog/)
• Occam’s Razor by Avinash Kaushik (www.kaushik.net)
• Online Marketing Blog (www.toprankblog.com)
• Online PR Thoughts (http://online-pr.blogspot.com)
• Outspoken Media Blog (http://outspokenmedia.com/blog/)
• Personal Branding Blog (www.personalbrandingblog.com)
• Potomac Flacks (www.potomacflacks.com)
• PPC Hero (www.ppchero.com)
• PR Couture (www.prcouture.com)
• PR Fuel (www.ereleases.com/prfuel)
• PR Squared (www.pr-squared.com)
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- PR. Differently (http://prdifferently.typepad.com)
- PRNewser (www.mediabistro.com/prnewser)
- Pronet Advertising (www.pronetadvertising.com)
- PSFK (www.psfk.com)
- Publishing 2.0 (www.publishing2.com)
- ReelSEO Video Marketing (www.reelseo.com)
- ReveNews (www.revenews.com)
- Richard Edelman - 6 a.m. (http://edelman.com/speak_up/blog/)
- Search Engine Guide (www.searchenginenguide.com)
- Search Engine Journal (www.searchenginejournal.com)
- Search Engine Land (http://searchengineland.com)
- Search Engine Optimization Journal (www.searchengineoptimizationjournal.com)
- Search Engine Roundtable (www.seroundtable.com)
- Search Engine Watch (http://searchenginewatch.com)
- Search Marketing Standard (www.searchmarketingstandard.com/blogging-for-masses)
- SearchRank Blog (www.searchrank.com/blog)
- SEO by the Sea (www.seobythesea.com)
- SEOBook (www.seobook.com)
- SEOmoz Blog (www.seomoz.org/blog)
- Seth’s Blog (www.sethgodin.typepad.com)
- ShoeMoney (www.shoemoney.com)
- Small Business Branding (www.smallbusinessbranding.com)
- Small Business SEM (www.smallbusinesssem.com)
- SmartBlog on Social Media (http://smartblogs.com/socialmedia/)
- So Good (www.sogoodblog.com)
- Social @ Blogging Tracker (www.facebook.com/SocialBloggingTracker)
- Social Business (www.zdnet.com/blog/feeds)
- Social Media Examiner (www.socialmediaexaminer.com)
- Social Media Explorer (www.socialmediaexplorer.com)
- Spin Sucks (www.spinsucks.com)
- SpinWatch (www.spinwatch.org/blogs-mainmenu-29)
- Sugarrae SEO Blog (www.sugarrae.com)
- Super Affiliate Zac Johnson (http://zacjohnson.com/)
- Techipedia: Tamar Weinberg (www.techipedia.com)
- The Ad Contrarian (http://adcontrarian.blogspot.com)
- The BrandBuilder Blog (http://thebrandbuilder.wordpress.com)
- The Denver Egotist (www.thedenveregotist.com)
- The Future Buzz (http://thefuturebuzz.com)
- The Marketing Technology Blog (www.marketingtechblog.com)
- The Relationship Economy (www.relationship-economy.com)
- The Social Media Marketing Blog (www.scottemonty.com)
- This blog sits at the Intersection of Anthropology and Economics (http://cultureby.com)
• Threeminds (http://threeminds.organic.com)
• tompeters! (www.tompeters.com)
• Traffick (www.traffick.com)
• Vladimir Prelovac (www.prelovac.com/vladimir/)
• WATBlog (www.watblog.com)
• Web Ink Now (www.webinknow.com)
• Web Strategy by Jeremiah Owyang (www.web-strategist.com/blog/)
• What Consumes Me (http://whatconsumesme.com)
• What’s Next Blog (www.whatsnextblog.com)
• WhichTestWon? (http://whichtestwon.com)
• Windmill Networking - Social Media Strategy (http://windmillnetworking.com/blog/)
• Ypulse (www.ypulse.com)
APPENDIX F

ONLINE RESOURCES

AMA E-Newsletters
(www.ama.org/publications/eNewsletters/Pages/default.aspx)
• The American Marketing Association publishes eight e-newsletters: AMA Today, AMA Worldview, Career Update, College2Career, Marketing Health Services, Marketing Insights, and Marketing News Exclusives.

Bloomberg.com (www.bloomberg.com)
• The site of Bloomberg L.P., which includes Bloomberg Television, delivers business and financial news and draws on the resources of more than 2,300 journalists in 75 countries.

Business.com (www.business.com)
• More than 20 million small- and medium-sized businesses (SMBs) use Business.com to purchase products and services. The site attracts more than 10,000 advertisers.

Ecommerce Times (www.ecommercetimes.com)
• Ecommerce Times is published by ECT News Network, one of the largest e-business and technology news publishers in the United States. Membership is free.

MarketingProfs (www.marketingprofs.com)
• Marketing Profs provides business advice through newsletters, conferences, seminars, podcast, articles, and webcasts. The site serves a community of more than 621,000 entrepreneurs, small-business owners, and corporate marketers. Membership is free.

The CMO Survey (www.cmosurvey.org)
• Conducted by Duke University’s Fuqua School of Business (www.fuqua.duke.edu) and sponsored by the American Marketing Association (www.marketingpower.com), the CMO Survey is a semi-annual poll of chief marketing officers.
APPENDIX G

PERIODICALS

Advertising Age, 711 Third Avenue, New York, NY 10017. (212) 210-0100. (www.adage.com)

Adweek, 770 Broadway, 15th Floor, New York, NY 10003. (877) 496-5246. (www.adweek.com)

Direct Marketing News, c/o Haymarket Media, 114 W. 26th Street, New York, NY 10001. (646) 638-6000. (www.dmnews.com)

eMarketer, 11 Times Square, New York, NY 10036. (800) 405-0844. (www.emarketer.com)

Financial Times, Number One Southwark Bridge, London SE1 9HL, United Kingdom. Tel: +44 (0) 207 775 6248. (www.ft.com)

International Journal of Market Research, 15 Northburgh Street, London EC1V 0JR, United Kingdom. Tel: +44 (0) 207 490 4911. (www.mrs.org.uk/ijmr)

Journal of Business and Economic Studies, c/o New Jersey Institute of Technology, School of Management, University Heights, Newark, NJ 07102. (http://management.njit.edu/jbes/)


Journal of Marketing, c/o American Marketing Association, 311 S. Wacker Drive, Suite 5800, Chicago, IL 60606. (www.ama.org/publications/JournalOfMarketing/Pages/About.aspx)

Journal of Marketing Theory & Practice, c/o Prof. Greg W. Marshall, Crummer Graduate School of Business, Rollins College, 1000 Holt Avenue - 2722, Winter Park, FL 32789. (www.jmtpp-online.org/)

Journal of Personal Selling & Sales Management, c/o M.E. Sharpe, Inc. 80 Business Park Drive, Armonk, NY 10504. (www.jpssm.org)
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APPENDIX H

SERVICES FOR RESEARCH & STRATEGY

The following companies provide services for advertising testing, brand identity, customer satisfaction measurement, executive interviewing, focus groups, international services, market research, and test marketing (source: Direct Marketing News):

AceMetrix, 1960 East Grand Avenue, El Segundo, CA 90245. (424) 277-5400. (www.acemetrix.com)

Adams & Knight, Inc., 80 Avon Meadow Lane, Avon, CT 06001. (860) 676-2300. (www.adamsknight.com)

Added Value, 3400 Cahuenga Boulevard West, Los Angeles, CA 90068. (323) 254-4326. (www.added-value.com)

Ameritest, 4841 Tramway Ridge Northeast, Albuquerque, NM 87111. (505) 856-0763. (www.ameritest.net)


Brand Keys, 115 E. 57th Street, 11th Floor, New York, NY 10022. (212) 532-6028. (www.brandkeys.com)

Buzzback Market Research, 989 Sixth Avenue, 5th Floor, New York, NY 10018. (646) 519-8010. (www.buzzback.com)

CRC Marketing Solutions, 6321 Bury Drive, Suite 10, Eden Prairie, MN 55346. (952) 937-6000. (www crc-inc.com)

Decision Insight, 2940 Main Street, Kansas City, MO 64108. (816) 221-0445. (www.decisioninsight.com)

ETC Institute, 725 West Frontier Lane, Olathe, KS 66061. (913) 829-1215. (www.etcinstitute.com)

Eventige, 1501 Broadway, 12th Floor, New York, NY 10036. (646) 998-5445. (http://eventige.com)

Forward Branding, 34 May Street, Webster, NY 14580. (585) 872-9222. (www.forwardbranding.com)

Frost & Sullivan, 55 Broad Street, 7th Floor, New York, NY 10004. (877) 463-7678. (www.frost.com)

G&R Research and Consulting, 24 North Main Street, Pennington, NJ 08534. (609) 730-1550. (www.gallup-robinson.com)

GFK, 200 Liberty Street, 4th Floor, New York, NY 10281. (212) 240-5300. (www.gfk.com)

GRI Marketing Group, 35 Corporate Drive, Suite 1040, Trumbull, CT 06611. (203) 261-3337. (www.gridirect.com)

Hall & Partners, 488 Madison Avenue, 4th Floor, New York, NY 10022. (212) 856-8832. (www.hallandpartners.com)

Harker Research, 8816 Six Forks Road, Suite 107, Raleigh, NC 27612. (919) 760-1232. (www.harkerresearch.com)

Harris Poll, 155 Corporate Woods Drive, Rochester, NY 14623. (585) 272-8400. (www.theharrispoll.com)

Harrison Media Group, 108 Village Square, Suite 323, Somers, NY 10589. (914) 276-0500. (www.hmgdistribution.com)

Hartman Group, 3150 Richards Road, Suite 200, Bellevue, WA 98005. (425) 452-0818. (www.hartman-group.com)


HDS Marketing, 633 Napor Boulevard, Pittsburgh, PA 15205. (412) 279-1600. (www.hdsmarketing.com)


HRMC, 4012 Gunn Highway, Suite 120, Tampa, FL 33618. (813) 879-4200. (www.hrmc.com)

Hudson Media Services, 3 Stone Drive, West Orange, NJ 07052. (973) 951-9930. (www.hudson-media.com)

IMV, 1400 East Touhy Avenue, Suite 250, Des Plaines, IL 60018. (847) 297-1404. (www.imvinfo.com)

Ipsos, 1700 Broadway, 15th Floor, New York, NY 10019. (212) 265-3200. (www.ipsos.com)

Keller Fay Group, 65 Church Street, 3rd Floor, New Brunswick, NJ 08901. (732) 846-6800. (www.kellerfay.com)

Koski Research, 7 Joost Avenue, Suite 301, San Francisco, CA 94121. (415) 334-3400. (www.koskiresearch.com)

Lightspeed Research, 3 Mountain View Road, 3rd Floor, Warren, NJ 07059. (908) 605-4500. (www.lightspeedresearch.com)

Luth Research, 1365 4th Avenue, San Diego, CA 92101. (619) 234-5884. (www.luthresearch.com)

Managed Marketing, 18195 E. McDurmott, Suite I, Irvine, CA 92614. (855) 859-5513. (www.managedmktg.com)

Market Decisions, 75 Washington Avenue, Suite 206, Portland, ME 04101. (800) 293-1538. (www.marketdecisions.com)

Marketing Evolution, 122 E 42nd Street, Suite 4500, New York, NY 10168. (646) 651-4300. (www.marketingevolution.com)


Marketing Systems Group, 755 Business Center Drive, Horsham, PA 19044. (877) 336-7674. (www.m-s-g.com)

MarketingSherpa, 4315 Pablo Oaks Court, Jacksonville, FL 32224. (401) 247-7655. (www.marketingsherpa.com)

MillwardBrown Digital, 1 Madison Avenue, 12th Floor, New York, NY 10010. (212) 548-7200. (www.millwardbrowndigital.com)


MSW Research, 1111 Marcus Avenue, Suite MZ 200, Lake Success, NY 11042. (516) 394-6000. (www.mswresearch.com)

NetBase Solutions, 3960 Freedom Circle, Santa Clara, CA 95054. (855) 762-6764. (www.netbase.com)

Netpop Research, 322 Cortland Avenue, San Francisco, CA 94110. (415) 647-1007. (www.netpopresearch.com)

Norman Hecht Research, 20 Crossways Park Drive North, Suite 400, Woodbury, NY 11797. (516) 496-8866. (www.normanhechtresearch.com)

Oden Marketing & Design, 119 South Main Street, Suite 300, Memphis, TN 38103. (901) 578-8055. (www.oden.com)

Peanut Labs, 180 Montgomery Street, Suite 1700, San Francisco, CA 94104. (415) 659-8266. (www.peanutlabs.com)

Preference Research, 7 Franklin Terrace, South Orange, NJ 07079. (973) 763-1817. (www.pREFERENCereSEARCH.net)

Prosper Business Development, 400 West Wilson Bridge Road, Suite 200, Worthington, OH 43085. (614) 846-0146. (www.goprospER.com)

Research Now, 5800 Tennyson Parkway, Suite 600, Plano, TX 75024. (214) 365-5000. (www.reSEARCHnow.com)

Sachs Insights, 200 Varick Street, New York, NY 10014. (212) 924-1600. (www.sachsinsights.com)

SafeCount, 11 Madison Avenue, New York, NY 10010. (212) 844-3700. (www.safeCount.net)

Sequent Partners, 380 Lexington Avenue, 17th Floor, New York, NY 10168. (914) 862-0054. (www.sequentpartners.com)

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SME, 298 5th Avenue, New York, NY 10001. (212) 924-5700. (www.smebranding.com)


Survey Sampling International, 6 Research Drive, Shelton, CT 06484. (203) 567-7200. (www.surveysampling.com)

Surveys & Forecasts, 13 North Main Street, South Norwalk, CT 06854. (203) 255-0505. (www.saflc.com)

T3, 1801 North Lamar, Austin, TX 78701. (512) 499-8811. (www.t-3.com)

TNS, 11 Madison Avenue, 12th Floor, New York, NY 10010. (212) 991-6100. (www.tnsglobal.com)

The Factory Advertising, 5534 Tannery Road, Schnecksville, PA 18078. (610) 360-7058. (http://thefactoryadvertising.com)

The Growth Engine Company, One Selleck Street, Norwalk, CT 06855. (203) 857-4494. (www.growth-engine.com)

The Insight Research Corporation, P.O. Box 2472, Durango, CO 81302. (973) 541-9600. (www.insight-corp.com)

Trajectory, 20 Community Place, Morristown, NJ 07960. (973) 292-1400. (www.trajectory4brands.com)

Vision Critical, 22 W. 21st Street, 8th Floor, Suite B, New York, NY 10010. (212) 402-8222. (www.visioncritical.com)

Wayfinder, 950 Battery Street, Suite 401, San Francisco, CA 94111. (415) 448-5608. (www.wayfindersf.com)

WJ Schroer Co., 2 Michigan Avenue West, Battle Creek, MI 49017. (269) 963-4874. (www.socialmarketing.org)
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Chapter 13: Top Advertising Agencies

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Chapter 37: Customer Relationship Management

Chapter 38: Customer Retention


Chapter 39: Customer Service

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Chapter 46: Influencer Marketing


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